



ACAA – R1

Class I Railroad Annual Report

	Norfolk Southern Combined Railroad Subsidiaries Three Commercial Place Norfolk, VA 23510-2191
Correct name and address if different than shown	Full name and address of reporting carrier (Use mailing label on original, copy in full on duplicate)



**To The
Surface Transportation Board**

For the Year Ending December 31, 2004

NOTICE

1. This report is required for every class I railroad operating within the United States. Three copies of this Annual Report should be completed. Two of the copies must be filed with the Surface Transportation Board, Office of Economics, Environmental Analysis, and Administration, The Mercury Building, 1925 K St. N.W., Suite 500, Washington, DC 20423, by March 31 of the year following that for which the report is made. One copy should be retained by the carrier.
2. Every inquiry must be definitely answered. Where the word "none" truly and completely states the fact, it should be given as the answer. If any inquiry is inapplicable, the words "not applicable" should be used.
3. Wherever the space provided in the schedules is insufficient to permit a full and complete statement of the requested information, inserts should be prepared and appropriately identified by the number of the schedule.
4. All entries should be made in a permanent black ink or typed. Those of a contrary character must be indicated in parenthesis. Items of an unusual character must be indicated by appropriate symbols and explained in footnotes.
5. Money items, except averages, throughout the annual report form should be shown in thousands of dollars adjusted to accord with footings. Totals for amounts reported in subsidiary accounts included in supporting schedules must be in agreement with related primary accounts. For purposes of rounding, amounts of \$500 but less than \$1,000 should be raised to the nearest thousand dollars, and amounts of less than \$500 should be lowered.
6. Except where the context clearly indicates some other meaning, the following terms when used in this Form have the following meanings:
 - (a) Board means Surface Transportation Board.
 - (b) Respondent means the person or corporation in whose behalf the report is made.
 - (c) Year means the year ended December 31 for which the report is being made.
 - (d) Close of the Year means the close of business on December 31 for the year in which the report is being made. If the report is made for a shorter period than one year, it means the close of the period covered by the report.
 - (e) Beginning of the Year means the beginning of business on January 1 of the year for which the report is being made. If the report is made for a shorter period than one year, it means the beginning of that period.
 - (f) Preceding Year means the year ended December 31 of the year preceding the year for which the report is made.
 - (g) The Uniform System of Accounts for Railroad Companies means the system of accounts in Part 1201 of Title 49, Code of Federal Regulations, as amended.
7. The ICC Termination Act of 1995 abolished the Interstate Commerce Commission and replaced it with the Surface Transportation Board. Any references to the Interstate Commerce Commission or Commission contained in this report refer to the Surface Transportation Board.
8. Any references to the Bureau of Accounts or the Office of Economics contained in this report refer to the Office of Economics, Environmental Analysis, and Administration of the Surface Transportation Board.

For Index, See Back of Form

ANNUAL REPORT

OF

**NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES
("NS RAIL")**

**TO THE
SURFACE TRANSPORTATION BOARD**

**FOR THE
YEAR ENDED DECEMBER 31, 2004**

RECEIVED
SURFACE TRANSPORTATION
BOARD
WASHINGTON, D.C.
20590

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Name, official title, telephone number, and office address of officer in charge of correspondence with the Board regarding this report:

(Name) Marta R. Stewart (Title) Vice President and Controller

(Telephone number) (757) 629-2765
(Area Code)

(Office address) Three Commercial Place, Norfolk, VA 23510-2191
(Street and number, city, state, and ZIP code)

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SPECIAL NOTICE

Docket No. 38559, Railroad Classification Index, (ICC served January 20, 1983), modified the reporting requirements for Class II, Class III, and Switching and Terminal Companies. These carriers will notify the Board only if the calculation results in a different revenue level than its current classification.

The dark borders on the schedules represent data that are captured by the Board.

It is estimated that an average of 800 burden hours per response are required to complete this collection of information. This estimate includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments concerning the accuracy of this burden estimate or suggestions for reducing this burden should be directed to the Office of the Secretary, Surface Transportation Board.

A. SCHEDULES OMITTED BY RESPONDENT

1. The Respondent, at its option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.
2. Show the pages excluded, as well as the schedule number and title, in the space provided below.
3. If no schedules were omitted indicate "NONE."

Page	Schedule No.	Title
		NONE

B. IDENTITY OF RESPONDENT

Answers to the questions asked should be made in full, without reference to data returned on the corresponding page of previous reports. In case any changes of the nature referred to under Inquiry 4 on this page have taken place during the year covered by this report, they should be explained in full detail.

- 1 Give in full the exact name of the respondent. Use the words "The" and "Company" only when they are parts of the corporate name. Be careful to distinguish between railroad and railway. The corporate name should be given uniformly throughout the report, notably on the cover, on the title page, and in the "Verification." If the report is made by receivers, trustees, a committee of bondholders, or individuals otherwise in possession of the property, state names and facts with precision. If the report is for a consolidated group, pursuant to Special Permission from the Board, indicate such fact on line 1 below and list the consolidated group on page 4
- 2 If incorporated under a special charter, give date of passage of the act; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or other possession began. If a partnership, give date of formation and also names in full of present partners.
- 3 State the occasion for the reorganization, whether by reason of foreclosure of mortgage or otherwise, according to the fact. Give date of organization of original corporation and refer to laws under which organized.

- 1 Exact name of common carrier making this repo Norfolk Southern Combined Railroad Subsidiaries* (NS Rail) is comprised principally of Norfolk Southern Railway Consolidated.
- 2 Date of Incorporation Norfolk Southern Railway Company was incorporated June 18, 1894, under the name Southern Railway Company.
- 3 Under laws of what Government, State, or Territory organized? If more than one, name all. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership and of appointment of receivers or trustees
Norfolk Southern Railway Company - Organized under and by virtue of an act of Assembly of the State of Virginia, approved February 20, 1894.
- 4 If the respondent was reorganized during the year, involved in a consolidation or merger, or conducted its business under a different name, give full particulars - On June 1, 1982, Southern Railway Company (SR) and Norfolk and Western Railway Company (NW) became subsidiaries of Norfolk Southern Corporation (NS), a transportation holding company incorporated in Virginia. Effective December 31, 1990, NS transferred all the common stock of NW to SR, and SR's name was changed to Norfolk Southern Railway Company (NSR). Effective September 1, 1998, NW was merged with and into NSR. In August 1998, the STB's decision approving the joint application of NS, NSR and other parties to control Conrail (which owns Consolidated Rail Corporation) became final. NSR and CSX Transportation began operating their respective portions of Conrail's routes and assets on June 1, 1999. See also note 10 to Schedule 200.

* See note on page 4 "Principles of Combined Reporting."

STOCKHOLDERS REPORTS

- 5 The respondent is required to send the office of Economic and Environmental Analysis, immediately upon preparation, two copies of its latest annual report to stockholders.

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted

☒ No annual report to stockholders is prepared. Not applicable for "Norfolk Southern Combined Railroad Subsidiaries."

Enclosed with this Report Form R-1 are copies of Annual Reports on Form 10-K for year ended December 31, 2002, filed with the Securities and Exchange Commission by Norfolk Southern Corporation and Norfolk Southern Railway Company.

C. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common, \$ No Par per share; first preferred, \$ 50 stated value per share; second preferred \$ _____ per share; debenture stock, \$ _____ per share
2. State whether or not each share of stock has the right to one vote, if not, give full particulars in a footnote. Yes
3. Are voting rights proportional to holdings? Yes If no, state in a footnote the relation between holdings and corresponding voting rights.
4. Are voting rights attached to any securities other than stock? No If so, name in a footnote each security, other than stock, to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.
5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.
6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing
Stock Books Do Not Close
7. State the total voting power of all security holders of the respondent at the date of such closing, if within one year of the date of such filing; if not, state as of the close of the year NSR 16,668,997*, T-Cubed 2,000 and TCS Leasing, Inc. 500 votes as of December 31, 2004 (date)
8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7 One stockholder.
9. Give the names of the thirty security holders of the respondent who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each, his address, the number of votes he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreement, give as supplemental information the names and addresses of the thirty largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such thirty security holders as of the close of the year

Line No.	Name of Security Holder	Address of Security Holder	Number of votes to which security holder was entitled	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED			Line No.
				Stock			
				Common	PREFERRED		
Second	First						
1	Norfolk Southern Railway:						1
2	Norfolk Southern Corp.	Norfolk, VA	16,668,997	16,668,997			2
3							3
4	Thoroughbred Technology and						4
5	Telecommunications, Inc.						5
6	(T-Cubed):						6
7	Norfolk Southern Corp	Norfolk, VA	2,000	2,000			7
8							8
9	TCS Leasing, Inc.:						9
10	Norfolk Southern Corp.	Norfolk, VA	500	500			10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22							22
23							23
24							24
25							25
26							26
27							27
28							28
29							29
30							30

C. VOTING POWERS AND ELECTIONS - Continued

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent.

NSR - 16,668,997 votes, T-Cubed - 2,000 votes and TCS Leasing, Inc. - 500 votes.

11. Give the date of such meeting. NSR - May 25, 2004 T-Cubed - May 5, 2004 and TCS Leasing, Inc. - October 29, 2004

12. Give the place of such meeting. Norfolk, Virginia for NSR, T-Cubed and TCS Leasing, Inc.

NOTES AND REMARKS**Principles of Combined Reporting**

Norfolk Southern Combined Railroad Subsidiaries (NS Rail) includes the affiliated railroads under the COMMON CONTROL of Norfolk Southern Corporation (NS). The major subsidiary is Norfolk Southern Railway Company and consolidated subsidiaries (NSR). See listing of companies included in combined rail reporting below. Nonrailroad subsidiaries whose assets and operations are not deemed to be an integral part of rail operations are included in this combined report in the following classifications:

Balance Sheet - Fixed Capital Assets - "Property Used in Other Than Carrier Operations"

Results of Operations - "Other Income" and "Miscellaneous Deductions From Income"

All significant intercompany balances and transactions have been eliminated in combination.

This form of Combined reporting was approved by the ICC Accounting and Valuation Board on March 23, 1987, as indicated in Chairman William F. Moss, III's letter.

The following companies are included in the combined rail reporting to the Surface Transportation Board:

Class I

Cincinnati, New Orleans and Texas Pacific Railway Company, The
Norfolk Southern Railway Company

Class II

Alabama Great Southern Railroad Company, The
Central of Georgia Railroad Company
Georgia Southern and Florida Railway Company

Class III

Camp Lejeune Railroad Company
Chesapeake Western Railway
Interstate Railroad Company
Norfolk and Portsmouth Belt Line Railroad Company
State University Railroad Company
Tennessee, Alabama & Georgia Railway Company
Tennessee Railway Company

Lessors and Other

Airforce Pipeline, Inc.
Alabama Great Southern LLC
Atlantic Acquisition Corporation
Central of Georgia LLC
Citico Realty Company
High Point, Randleman, Asheboro and
Southern Railroad Company
Lamberts Point Barge Company, Inc.
Mobile and Birmingham Railroad Company
Norfolk Southern International, Inc.
Norfolk Southern-Mexico, LLC
NorfolkSouthernMexicana, S de RL de CV
North Carolina Midland Railroad Company, The
NSRC/Master Trust
NS Transportation Brokerage Corporation
Rail Investment Company
Shenandoah-Virginia Corporation
South Western Rail Road Company, The
Southern Rail Terminals, Inc.
Southern Rail Terminals of North Carolina, Inc.
Southern Region Coal Transport, Inc.
Southern Region Materials Supply, Inc.
T-Cubed of North America, Inc.
T-Cubed of South Carolina, Inc.
T-Cubed of Virginia, Inc.
TCS Leasing, Inc.
Thoroughbred Direct Intermodal Services, Inc.
Thoroughbred Technology and Telecommunications, Inc.
Transworks Company
Transworks Inc.
Transworks of Indiana, Inc.
Triple Crown Services Company
Virginia and Southwestern Railway Company
Wheelersburg Terminal LLC
Yadkin Railroad Company

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Assets						
1		701	Cash and Cash Equivalents	560,668	265,578	1
2		702	Temporary Cash Investments	90,140	2,129	2
3		703	Special Deposits			3
			Accounts Receivable			
4		704	- Loan and Notes	12	92	4
5		705	- Interline and Other Balances	513	661	5
6		706	- Customers	43,745	33,534	6
7		707	- Other	55,582	48,625	7
8		709, 708	- Accrued Accounts Receivables	63,103	76,163	8
9		708.5	- Receivables from Affiliated Companies			9
10		709.5	- Less: Allowance for Uncollectible Accounts	(9,051)	(6,125)	10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits	271,834	276,961	11
12		712	Materials and Supplies	104,173	92,025	12
13		713	Other Current Assets	128,441	57,126	13
14			TOTAL CURRENT ASSETS	1,309,160	846,769	14
Other Assets						
15		715, 716, 717	Special Funds	672,663	623,957	15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	1,101,154	592,979	16
17		722, 723	Other Investments and Advances	266,723	229,974	17
18		724	Allowances for Net Unrealized Loss on Noncurrent Marketable Equity Securities-Cr.			18
19		737, 738	Property Used in Other than Carrier Operation (less Depreciation) \$28,626 and \$26,241 respectively	121,203	105,415	19
20		739, 741	Other Assets	44,521	60,670	20
21		743	Other Deferred Debits	14,456	12,458	21
22		744	Accumulated Deferred Income Tax Debits			22
23			TOTAL OTHER ASSETS	2,220,720	1,625,453	23
Road and Equipment						
24		731, 732	Road (Schedule 330, L-30 Col. h & b)	19,243,903	11,019,459	24
25		731, 732	Equipment (Schedule 330, L-39 Col. h & b)	6,595,139	5,723,978	25
26		731, 732	Unallocated Items	306,115	278,155	26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)	(6,230,229)	(5,800,090)	27
28			Net Road and Equipment	19,914,928	11,221,502	28
29	*		TOTAL ASSETS	23,444,808	13,693,724	29

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
Current Liabilities						
30		751	Loans and Notes Payable			30
31		752	Accounts Payable, Interline and Other Balances	2,565	13,573	31
32		753	Audited Accounts and Wages	50,077	47,185	32
33		754	Other Accounts Payable	72	191	33
34		755, 756	Interest and Dividends Payable	28,621	10,596	34
35		757	Payables to Affiliated Companies	1,390,146	1,163,860	35
36		759	Accrued Accounts Payable	923,093	860,110	36
37		760, 761, 761.5, 762	Taxes Accrued	169,369	161,139	37
38		763	Other Current Liabilities	113,076	102,144	38
39		764	Equipment Obligations and Other Long-Term Debt	262,506	110,320	39
40			TOTAL CURRENT LIABILITIES	2,939,525	2,469,118	40
Non-Current Liabilities						
41		765, 767	Funded Debt Unmatured	479,026	31,682	41
42		766	Equipment Obligations	362,053	562,935	42
43		766.5	Capitalized Lease Obligations	309,782	239,125	43
44		768	Debt in Default			44
45		769	Accounts Payable; Affiliated Companies	874,185	741,892	45
46		770.1, 770.2	Unamortized Debt Premium	140,587	(944)	46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits	7,708,952	4,249,259	49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	1,084,414	1,037,166	50
51			TOTAL NONCURRENT LIABILITIES	10,958,999	6,861,115	51
Shareholders' Equity						
52		791, 792	Total Capital Stock: (Schedule 230, E-11 & 17)	166,690	166,690	52
53			Common Stock	166,690	166,690	53
54			Preferred Stock			54
55			Discount on Capital Stock			55
56		794, 795	Additional Capital (Schedule 230)	6,309,306	783,564	56
57		797	Retained Earnings:			57
58		798	Appropriated			58
59		796	Unappropriated (Schedule 220)	2,563,273	3,090,561	59
60		798.5	Accumulated Other Comprehensive Income	507,015	322,676	60
61			Less Treasury Stock			61
62	*		Net Stockholders' Equity	9,546,284	4,363,491	62
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	23,444,808	13,693,724	62

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES

The notes listed below are provided to disclose supplementary information on matters that have an important effect on the financial condition of the carrier. The carrier shall give the particulars called for herein and where there is nothing to report, insert the word "none"; and in addition thereto shall enter in separate notes with suitable particulars other matters involving material amounts of the character commonly disclosed in financial statements under generally accepted accounting and reporting principles, except as shown in other schedules. This includes statements explaining (1) service interruption insurance policies and indicating the amount of indemnity to which respondent will be entitled for work stoppage losses and the maximum amount of additional premium respondent may be obligated to pay in the event such losses are sustained by other railroads; (2) particulars concerning obligations for stock purchase options granted to officers and employees; and (3) what entries have been made for net income or retained income restricted under provisions of mortgages and other arrangements.

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts
NONE
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made
NONE
3. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year
SEE NOTE 3, PAGE 9
- (b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund
NONE FOR FUNDED PLANS
- (c) Is any part of pension plan funded? Specify. Yes X No
 (i) If funding is by insurance, give name of insuring company NOT APPLICABLE
 If funding is by trust agreement, list trustee(s) WACHOVIA NATIONAL BANK (CUSTODIAN)
 Date of trust agreement or latest amendment AUGUST 1, 1988 (CUSTODIAL AGREEMENT)
 If respondent is affiliated in any way with the trustee(s), explain affiliation
- (d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement
SEE NOTE 3, PAGE 9
- (e) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify. Yes No X
 If yes, give number of the shares for each class of stock or other security:

 Are voting rights attached to any securities held by the pension plan? Specify. Yes X No
 If yes, who determines how stock is voted? The Chairman of the Board of Managers is authorized to give instructions to the Board of Managers' nominee regarding the execution of general proxies.
4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). Yes X No
5. (a) The amount of employers contribution to employee stock ownership plans for the current year was SEE NOTE 3, PAGE 9.
- (b) The amount of investment tax credit used to reduce current income tax expense resulting from contributions to qualified employee stock ownership plans for the current year was NONE.
6. In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the nonoperating expense account. NONE

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

7. Give particulars with respect to contingent assets and liabilities at the close of the year, in accordance with Instruction 5-6 in the Uniform System of Accounts for Railroad Companies, that are not reflected in the amounts of the respondent.

Disclose the nature and amount of contingency that is material.

Example of contingent liabilities are items which may become obligations as a result of pending or threatened litigation, assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property. Additional pages may be added if more space is needed. (Explain and/or reference to the following pages.)

See Note 7 on page 12.

(a) Changes in Valuation Accounts

8. Marketable Equity Securities. See Note 8 on page 14.

		Cost	Market	Dr. (Cr.) to Income	Dr. (Cr.) to Stockholders Equity
(Current Yr.)	Current Portfolio				N/A
as of / /	Noncurrent Portfolio			N/A	\$
(Previous Yr.)	Current Portfolio			N/A	N/A
as of / /	Noncurrent Portfolio			N/A	N/A

At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent	\$	\$

A net unrealized gain (loss) of \$_____ on the sale of marketable equity securities was included in net income for _____ (year). The cost of securities sold was based on the _____ (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to the filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE. / / (date) Balance sheet date of reported year unless specified as previous year

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

3. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Norfolk Southern and certain subsidiaries have both funded and unfunded defined benefit pension plans covering principally salaried employees. Norfolk Southern and certain subsidiaries also provide specified health care and death benefits to eligible retired employees and their dependents. Under the present plans, which may be amended or terminated at NS' option, a defined percentage of health care expenses is covered, reduced by any deductibles, copayments, Medicare payments and, in some cases, coverage provided under other group insurance policies. The following relates to the combined NS plans.

Pension Plan Asset Management

Eleven investment firms manage NS' defined benefit pension plan's assets under investment guidelines approved by the Board of Directors. Investments are restricted to domestic fixed income securities, international fixed income securities, domestic and international equity investments and unleveraged exchange-traded options and financial futures. Limitations restrict investment concentration and use of certain derivative instruments. The target asset allocation for equity is 75% of the pension plan's assets. Fixed income investments must have an average rating of "AA" or better and all fixed income securities must be rated "A" or better except bond index funds. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in the securities of NS or its subsidiaries (except through commingled pension trust funds). Investment managers' returns are expected to exceed selected market indices by prescribed margins.

NS' pension plan weighted-average asset allocations at Dec. 31, 2004 and 2003, by asset category, are as follows:

<u>Asset Category</u>	<u>Plan assets at Dec. 31,</u>	
	<u>2004</u>	<u>2003</u>
Equity securities	76 %	75 %
Debt securities	24	25
Total	<u>100 %</u>	<u>100 %</u>
International equity securities included in equity securities above	10 %	9 %

The postretirement benefit plan assets consist primarily of trust-owned variable life insurance policies with an asset allocation at Dec. 31, 2004, of 67% in equity securities and 33% in debt securities compared with 55% in equity securities and 45% in debt securities at Dec. 31, 2003. The target asset allocation for equity is between 50% and 75% of the plan's assets.

The plans' assumed future returns are based principally on the asset allocation and on the historic returns for the plans' asset classes determined from both actual plan returns and, over longer time periods, market returns for those asset classes.

Voluntary Separation Program

NS Rail's expense in 2003 includes \$107 million of costs related to a voluntary separation program undertaken in the fourth quarter. Through the program, 553 nonagreement employees were separated from service, of which 314 retired under NS' retirement plan. The costs include \$66 million for separation payments and other benefits of the program and \$41 million of costs related to the pension and other benefit plans.

Medicare Changes

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) was signed into law in December 2003. The Act introduces a new prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. NS believes that its medical plan's prescription drug benefit will qualify as actuarially equivalent to Medicare Part D based on a review by the plan's external prescription drug administrator of the plan's prescription drug benefit compared with the prescription drug benefit that would be paid under Medicare Part D beginning in 2006. In 2003, NS elected to take into account these legislative changes in the measurement of its postretirement benefit obligations in accordance with Financial Accounting Standards Board Staff Position No. 106-1. This resulted in a \$45 million decrease in the end-of-year benefit obligation with a corresponding decline in the unrecognized actuarial loss for 2003. There was no effect on the net benefit cost in 2003; however, the effects of the Act are reflected as a reduction of \$9 million in the net benefit cost in 2004.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Pension and Other Postretirement Benefit Obligations and Plan Assets

	Pension Benefits		Other Benefits	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	(\$ in millions)			
Change in benefit obligations				
Benefit obligation at beginning of year	\$ 1,488	\$ 1,370	\$ 608	\$ 592
Service cost	18	20	15	18
Interest cost	89	89	39	40
Amendment	—	—	—	(51)
Legislative changes	—	—	—	(45)
Curtailment loss	—	17	—	10
Special termination benefits	—	—	—	17
Actuarial losses	96	105	83	65
Benefits paid	(117)	(113)	(44)	(38)
Benefit obligation at end of year	<u>1,574</u>	<u>1,488</u>	<u>701</u>	<u>608</u>
Change in plan assets				
Fair value of plan assets at beginning of year	1,720	1,469	130	106
Actual return on plan assets	197	358	10	24
Employer contribution	6	6	9	38
Benefits paid	(117)	(113)	(44)	(38)
Fair value of plan assets at end of year	<u>1,806</u>	<u>1,720</u>	<u>105</u>	<u>130</u>
Funded status	232	232	(596)	(478)
Unrecognized actuarial loss	253	208	232	163
Unrecognized prior service cost (benefit)	18	21	(35)	(44)
Net amount recognized	<u>\$ 503</u>	<u>\$ 461</u>	<u>\$ (399)</u>	<u>\$ (359)</u>
Amounts recognized in the Consolidated Balance Sheets consist of:				
Prepaid benefit cost	\$ 577	\$ 532	\$ —	\$ —
Accrued benefit liability	(94)	(89)	(399)	(359)
Accumulated other comprehensive income	20	18	—	—
Net amount recognized	<u>\$ 503</u>	<u>\$ 461</u>	<u>\$ (399)</u>	<u>\$ (359)</u>

Following is information for NS' unfunded pension plans which in all cases have no assets and therefore have an accumulated benefit obligation in excess of plan assets:

	Dec. 31,	
	<u>2004</u>	<u>2003</u>
	(\$ in millions)	
Projected benefit obligation	\$ 120	\$ 103
Accumulated benefit obligation	94	89

During 2003, NS amended its retiree medical plan to require participants retiring after Dec. 31, 2003 to share in any increased medical costs. Contributions will be determined annually and will increase at a rate similar to that of active nonagreement employees. The amendment decreased the retiree medical benefit obligation by \$51 million.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Pension and Other Postretirement Benefit Costs Components

	<u>2004</u>	<u>2003</u> (\$ in millions)	<u>2002</u>
<i>Pension benefits</i>			
Service cost	\$ 18	\$ 20	\$ 17
Interest cost	89	89	91
Curtailment loss	—	17	—
Expected return on plan assets	(149)	(158)	(179)
Amortization of prior service cost	3	5	4
Recognized net actuarial (gains) losses	3	2	(13)
Net benefit	\$ <u>(36)</u>	\$ <u>(25)</u>	\$ <u>(80)</u>
<i>Other postretirement benefits</i>			
Service cost	\$ 15	\$ 18	\$ 13
Interest cost	39	40	33
Curtailment loss	—	10	—
Special termination benefits	—	17	—
Expected return on plan assets	(12)	(12)	(13)
Amortization of prior service cost (benefit)	(9)	(7)	—
Amortization of unrecognized losses	16	14	—
Net cost	\$ <u>49</u>	\$ <u>80</u>	\$ <u>33</u>

Pension Assumptions

Pension and other postretirement benefit costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year end. A summary of the major assumptions follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<i>Funded status:</i>			
Discount rate	5.75%	6.25%	6.75%
Future salary increases	4.5%	4.5%	4.5%
<i>Pension cost:</i>			
Discount rate	6.25%	6.75%	7.25%
Return on assets in plans	9%	9%	9%
Future salary increases	4.5%	4.5%	5%

Health Care Cost Trend Assumptions

For measurement purposes at Dec. 31, 2004, increases in the per capita cost of covered health care benefits were assumed to be 9% for 2004 and 8% for 2005. It is assumed the rate will decrease gradually to an ultimate rate of 5% for 2008 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported in the financial statements. To illustrate, a one-percentage-point change in the assumed health care cost trend would have the following effects:

	<u>ONE PERCENTAGE POINT</u>	
	<u>Increase</u>	<u>Decrease</u>
	(\$ in millions)	
Increase (decrease) in:		
Total service and interest cost components	\$ 8	\$ (6)
Postretirement benefit obligation	\$ 82	\$ (69)

Contributions and Estimated Future Benefit Payments

In 2005, NS expects to contribute approximately \$7 million to its unfunded pension plans for payments to pensioners and \$44 million to its other postretirement benefit plans for retiree health benefits.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<u>Pension</u> <u>Benefits</u>	<u>Other</u> <u>Benefits</u>
	(\$ in millions)	
2005	\$ 111	\$ 44
2006	110	43
2007	107	44
2008	106	45
2009	106	46
Years 2010-2014	564	249

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Beginning in 2006, the other benefit payments include an estimated annual \$3 million reduction due to the Medicare Part D Subsidy.

Other Postretirement Coverage

Under collective bargaining agreements, NS and certain subsidiaries participate in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible union employees. Premiums under this plan are expensed as incurred and amounted to \$20 million in 2004, \$18 million in 2003 and \$11 million in 2002.

401(k) Plans

NS and certain subsidiaries provide Section 401(k) savings plans for employees. Under the plans, NS matches a portion of employee contributions, subject to applicable limitations. NS' expenses under these plans were \$12 million in each of 2004, 2003 and 2002.

7. COMMITMENTS AND CONTINGENCIES

Lawsuits

NS Rail and certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management's opinion, the recorded liability is adequate to cover the future payment of such liability and claims. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in additional accruals that could be significant to results of operations in a particular year or quarter. Any adjustments to the recorded liability will be reflected in earnings in the periods in which such adjustments are known.

Casualty Claims

Casualty claims include employee personal injury and occupational claims as well as third-party claims. NS Rail engages an independent consulting actuarial firm to aid in valuing its liability for personal injury, occupational and third-party claims. Job-related accidental injury and occupational claims are subject to the Federal Employers' Liability Act (FELA), which is applicable only to railroads. FELA's fault-based system produces results that are unpredictable and inconsistent as compared with a no-fault workers' compensation system. The variability inherent in this system could result in actual costs being very different from the liability recorded. While the ultimate amount of claims incurred is dependent on future developments, in management's opinion, the recorded liability after considering applicable insurance coverage is adequate to cover the future payments of claims and is supported by the most recent actuarial study. In all cases, NS Rail records a liability when the expected loss for the claim is both probable and estimable.

Employee personal injury claims – The largest component of casualties and other claims expense is employee personal injury costs. The actuarial firm engaged by NS Rail provides quarterly studies to aid in valuing its employee personal injury liability and estimating its employee personal injury expense. The actuarial firm studies NS Rail's historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuary uses the results of these analyses to estimate the ultimate amount of the liability, which includes amounts for incurred but unasserted claims. NS Rail adjusts its liability to the actuarially determined amount on a quarterly basis. The estimate of loss liabilities is subject to inherent limitation given the difficulty of predicting future events such as jury decisions, court interpretations or legislative changes and as such the actual emergence of loss may vary from the actuarial estimate.

Occupational claims – Occupational claims (including asbestosis and other respiratory diseases, as well as repetitive motion) are often not caused by a specific accident or event but rather result from a claimed exposure over time. Many such claims are being asserted by former or retired employees, some of whom have not been actively employed in the rail industry for decades. The actuarial firm provides an estimate of the occupational claims liability based upon NS Rail's history of claim filings, severity, payments and other pertinent facts. The liability is dependent upon management's judgments made as to the specific case reserves as well as judgments of the consulting actuarial firm in the periodic studies. The actuarial firm's estimate of ultimate loss includes a provision for those claims that have been incurred but not reported by analyzing industry data and projecting NS Rail's experience into the future as far as can be reasonably determined. NS Rail adjusts its liability to the actuarially determined amount on a quarterly basis. However, it is possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability are reflected in operating expenses in the periods in which such adjustments become known.

Third-party claims – NS Rail records a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, automobile liability, property damage and lading damage. The actuarial firm assists with the calculation of potential liability for third-party claims, except lading damage, based upon NS Rail's experience including number and timing of incidents, amount of payments, settlement rates, number of open claims and legal defenses. The actuarial estimate includes a provision for claims that have been incurred but have not yet been reported. Each quarter NS Rail adjusts its liability to the actuarially determined amount. Given the inherent uncertainty in the ultimate outcome of third-party claims, it is possible that future settlement costs may differ from the estimated liability recorded.

Environmental Matters

NS Rail is subject to various jurisdictions' environmental laws and regulations. It is NS Rail's policy to record a liability where such liability or loss is probable and its amount can be estimated reasonably. Claims, if any, against third parties for recovery of cleanup costs incurred by NS Rail are reflected as receivables (when collection is probable) on the balance sheet and are not netted against the associated NS Rail liability. Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. NS Rail also has established an Environmental Policy Council, composed of senior managers, to oversee and interpret its environmental policy.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

NS Rail's balance sheets included liabilities for environmental exposures in the amount of \$64 million at Dec. 31, 2004, and \$25 million at Dec. 31, 2003 (of which \$12 million was accounted for as a current liability at Dec. 31, 2004, and \$8 million at Dec. 31, 2003). The increase in the liability was the result of the Conrail Corporate Reorganization (see Note 11, page 15) and relates to sites on the former PRR properties. At Dec. 31, 2004, the liability represented NS Rail's estimate of the probable cleanup and remediation costs based on available information at 210 known locations. On that date, 15 sites accounted for \$32 million of the liability, and no individual site was considered to be material. NS Rail anticipates that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At some of the 210 locations, NS Rail and certain of its subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for cleanup costs.

With respect to known environmental sites (whether identified by NS Rail or by the EPA or comparable state authorities), estimates of NS Rail's ultimate potential financial exposure for a given site or in the aggregate for all such sites are necessarily imprecise because of the widely varying costs of currently available cleanup techniques, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability.

The risk of incurring environmental liability is inherent – for acts and omissions, past, present and future – in the railroad business. Some of the commodities in NS Rail's traffic mix, particularly those classified as hazardous materials, can pose special risks that NS Rail and its subsidiaries work diligently to minimize. In addition, several NS Rail subsidiaries own, or have owned, land used as operating property, or which is leased and operated by others, or held for sale. Because environmental problems may exist on these properties that are latent or undisclosed, there can be no assurance that NS Rail will not incur environmental liabilities or costs with respect to one or more of them, the amount and materiality of which cannot be estimated reliably at this time. Moreover, lawsuits and claims involving these and other potentially unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on NS Rail's financial condition, results of operations or liquidity in a particular year or quarter.

However, based on its assessment of the facts and circumstances now known, management believes that it has recorded the probable costs for dealing with those environmental matters of which the Corporation is aware. Further, management believes that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on NS Rail's financial position, results of operations or liquidity.

Insurance

NS obtains on behalf of itself and its subsidiaries commercial insurance for potential losses for third-party liability and first-party property damages. Specified levels of risk are retained on a self-insurance basis (up to \$25 million per occurrence for bodily injury and property damage to third parties and \$12.5 million per occurrence for property owned by NS Rail or in NS Rail's care, custody or control).

Purchase Commitments

NS Rail had outstanding purchase commitments of approximately \$121 million in connection with its 2005 capital program.

Change-In-Control Arrangements

NS has compensation agreements with officers and certain key employees that become operative only upon a change in control of NS, as defined in those agreements. The agreements provide generally for payments based on compensation at the time of a covered individual's involuntary or other specified termination and for certain other benefits.

Guarantees

In a number of instances, NSR has agreed to indemnify lenders for additional costs they may bear as a result of certain changes in laws or regulations applicable to their loans. Such changes may include impositions or modifications with respect to taxes, duties, reserves, liquidity, capital adequacy, special deposits, and similar requirements relating to extensions of credit by, deposits with, or the assets or liabilities of such lenders. Similar provisions exist in NSR's accounts receivable sales program. The nature and timing of changes in laws or regulations applicable to NSR's financings are inherently unpredictable, and therefore NSR's exposure in connection with the foregoing indemnifications cannot be quantified. No liability has been recorded related to these indemnifications. In the case of one type of equipment financing, NSR's Japanese leveraged leases, NSR may terminate the leases and ancillary agreements if such a change-in-law indemnity is triggered. Such a termination would require NSR to make early termination payments that would not be expected to have a material adverse effect on NS Rail's financial condition, results of operations or liquidity.

NSR has indemnified parties in a number of transactions for U.S. income tax withholding imposed as a result of changes in U.S. tax law. In all cases, NSR has the right to unwind the related transaction if the withholding cannot be avoided in the future. Because these indemnities would be triggered and are dependent upon a change in the tax law, the maximum exposure is not quantifiable. Management does not believe that it is likely that it will be required to make any payments under these indemnities.

NSR has outstanding warranty liabilities primarily related to work performed at its locomotive facilities. NSR has recorded a reserve of less than \$1 million as of Dec. 31, 2004, and \$1 million as of Dec. 31, 2003, for these warranties.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION-EXPLANATORY NOTES (continued)

As of Dec. 31, 2004, NSR and subsidiaries are contingently liable as guarantors with respect to \$8 million of indebtedness of an entity in which it has an ownership interest, the Terminal Railroad Association of St. Louis, due in 2019. Four other railroads are also jointly and severally liable as guarantors for this indebtedness. No liability has been recorded related to this guaranty.

Subsequent Event

On Jan. 6, 2005, a derailment occurred in Graniteville, SC. NS Rail expects the first quarter of 2005 to reflect operating expenses related to this incident of between \$30 million and \$40 million (pretax). The amount includes NS Rail's self-insured retention under its insurance policies, as well as other uninsured costs. Although potential losses may exceed self-insured retention amounts NS Rail expects at this time, that insurance coverage is adequate to cover such potential claims or settlements. This amount does not include any fines or penalties that could be imposed.

8. MARKETABLE EQUITY SECURITIES

	2004	Dec. 31, (in millions of dollars)	2003
Marketable equity securities, principally 20,907,125 shares of NS Common Stock at fair value	\$ 758		\$ 498

Carrying value adjustments, which are noncash transactions, are not included in the Combined Statement of Cash Flows. The gross unrealized holding gain was \$738 million on Dec. 31, 2004, and \$478 million at Dec. 31, 2003. Sales of "available-for-sale-securities" were immaterial for years ended Dec. 31, 2004 and 2003.

9. REQUIRED ACCOUNTING CHANGES

NS Rail adopted FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," (FIN No. 46) effective Jan. 1, 2003, and recorded a \$4 million net adjustment (\$6 million before taxes) for the cumulative effect of this change in accounting on years prior to 2003. Pursuant to FIN No. 46, NS has consolidated a special-purpose entity that leases certain locomotives to NS. This entity's assets and liabilities at Jan. 1, 2003, included \$169 million of locomotives and \$157 million of debt related to their purchase as well as a \$6 million minority interest liability. This change in accounting increased depreciation and interest expense (to reflect the locomotives as owned assets) and lowered lease expense. The net effect to total railway operating expenses and net income was not material.

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations," (SFAS No. 143). Pursuant to SFAS No. 143, the cost to remove crossties must be recorded as an expense when incurred; previously these removal costs were accrued as a component of depreciation. STB accounting rules require that railroads accrue the cost of removing crossties over the expected useful life of these assets. NS Rail has not implemented SFAS No. 143 for STB reporting purposes. As a result, these financial statements do not reflect generally accepted accounting principles with regard to the removal of crossties.

10. RELATED PARTIES (OTHER THAN CONRAIL/PRR)

General

Norfolk Southern Corporation (NS) is the parent holding company of NSR. Rail operations are coordinated at the holding company level by the NS Vice Chairman and Chief Operating Officer. NS charges NS Rail a fee for management services it performs for NS Rail (which totaled \$606 million, including a \$38 million markup in 2004; \$686 million, including a \$43 million markup in 2003; and \$522 million, including a \$32 million markup in 2002). In addition, NS charges NS Rail a revenue-based licensing fee (which totaled \$107 million in 2004, \$93 million in 2003 and \$91 million in 2002) for use of certain intangible assets owned by NS.

Noncash Dividends

NSR declared and issued to NS noncash dividends of \$450 million in 2004, \$767 million in 2003 and \$501 million in 2002, which were settled by reduction of NSR's interest-bearing advances due from NS. In 2004, NSR declared and issued to NS a noncash dividend of \$858 million of all the shares of Pennsylvania Investment Company, Inc, whose principal asset is an interest-bearing loan due from NSR. Noncash dividends are excluded from the Combined Statements of Cash Flows.

Sale of Accounts Receivable

NS Rail sells, without recourse, to a bankruptcy-remote special-purpose NS subsidiary, a pool of accounts receivable. NS Rail services and collects the sold receivables; however, no servicing asset or liability has been recognized because the benefits of servicing are estimated to be just adequate to compensate NS Rail for its responsibilities. Payments collected from sold receivables are remitted to the special-purpose NS subsidiary, which, in turn, reinvests the amounts by purchasing new receivables from NS Rail. NS Rail has no retained interest in the sold receivables. Under the terms of the sale agreement, the receivables are treated as sold and, accordingly, \$599 million at Dec. 31, 2004, and \$528 million at Dec. 31, 2003, of sold receivables are not included on the balance sheet of NS Rail. Fees associated with the sale, which are based on historical dilution and prevailing interest rates, are included in Account 551.

Intercompany Federal Income Tax Accounts

In accordance with the NS Tax Allocation Agreement, intercompany federal income tax accounts are recorded between companies in the NS consolidated group. NS Rail had long-term intercompany federal income tax payables (which are included in Account 786 in the Combined Balance Sheets) of \$1,014 million at Dec. 31, 2004, and \$950 million at Dec. 31, 2003.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Capital Contributions

On August 27, 2004, NS contributed to the capital of NSR 500 shares of TCS Leasing, Inc. (TCS Leasing) common stock. However, TCS Leasing had already been included in NS Rail's STB reporting. Accordingly, this contribution resulted in the reclassification of TCS Leasing's retained deficit at Aug. 27, 2004, from Account 798 to Account 795. In addition, NS Rail recognized an \$8 million non-cash capital contribution in 2004 for benefits it received related to tax credits generated by a nonrail subsidiary of NS. In 2003, NS made a non-cash capital contribution of the Norfolk Southern Railway preferred shares it held concurrent with their redemption (see Note 15).

Cash Required for NS Debt

To finance the cost of the Conrail transaction, NS issued and sold commercial paper and \$4.3 billion of unsecured notes. A significant portion of the funding for the interest and repayments on this and other NS debt is expected to be provided by NS Rail.

NS is subject to various financial covenants with respect to its debt and under its credit agreement, including a minimum net worth requirement, a maximum leverage ratio restriction and certain restrictions on issuance of further debt. As a major NS subsidiary, NS Rail is subject to certain of those covenants.

11. OPERATIONS OVER CONRAIL'S LINES

Operations Over Conrail's Lines

Overview – Through a limited liability company, NS and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). NS has a 58% economic and 50% voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests. CRC owns and operates certain properties (the Shared Assets Areas) for the joint and exclusive benefit of NS Rail and CSX Transportation Inc. (CSXT). The costs of operating the Shared Assets Areas are borne by NS Rail and CSXT based on usage. In addition, NS Rail and CSXT pay CRC a fee for access to the Shared Assets Areas.

Conrail Corporate Reorganization – On Aug. 27, 2004, NS, CSX and Conrail completed a reorganization of Conrail (Conrail Corporate Reorganization), which established direct ownership and control by NSR and CSXT of two former CRC subsidiaries, Pennsylvania Lines LLC (PRR) and New York Central Lines LLC (NYC), respectively. Prior to the Conrail Corporate Reorganization, NSR operated the routes and assets of PRR and CSXT operated the routes and assets of NYC, each in accordance with operating and lease agreements. Pursuant to the Conrail Corporate Reorganization, the operating and lease agreements were terminated and PRR and NYC were merged into NSR and CSXT, respectively. The reorganization did not involve the Shared Assets Areas and did not affect the competitive rail service provided in the Shared Assets Areas. Conrail continues to own, manage and operate the Shared Assets Areas as previously approved by the Surface Transportation Board (STB). In connection with the Conrail Corporate Reorganization, NS, CSX and Conrail obtained a ruling from the Internal Revenue Service (IRS) regarding certain tax matters, and the STB approved the transaction.

As a part of the Conrail Corporate Reorganization, Conrail restructured its existing unsecured and secured public indebtedness, with the consent of Conrail's debtholders. Prior to the restructuring, there were two series of unsecured public debentures with an outstanding principal amount of approximately \$800 million and 13 series of secured debt with an outstanding principal amount of approximately \$300 million. Guaranteed debt securities were offered in an approximate 58%/42% ratio in exchange for Conrail's unsecured debentures. Of the \$800 million unsecured public debentures, \$779 million were tendered and accepted for exchange. Upon completion of the transaction as described in various SEC filings, the new debt securities became direct unsecured obligations of NSR and CSXT, respectively, and rank equally with all existing and future senior unsecured debt obligations, if any, of NSR and CSXT. Except for interest payments made in relation to the consummation of the exchange, these new debt securities have maturity dates, interest rates and principal and interest payment dates identical to those of the respective series of Conrail's unsecured debentures. In addition, these new debt securities have covenants substantially similar to those of the publicly traded debt securities of NS and CSX, respectively.

Conrail's secured debt and lease obligations remain obligations of Conrail and are supported by leases and subleases which are the direct lease and sublease obligations of NSR or CSXT.

On Aug. 27, 2004, NS made a contribution of capital of the assets and liabilities of PRR to NS Rail. The assets and liabilities of PRR are reflected in their respective line items in NS Rail's Consolidated Balance Sheet and amounts due to PRR were extinguished. The following summarizes the effect of the transaction on NS Rail's Consolidated Balance Sheet (\$ in millions):

Properties	\$	8,322
Extinguishment of amounts due to PRR		870
Other assets and liabilities, net		177
Deferred income taxes		(3,095)
Long-term debt, including current maturities		(734)
Net assets received	\$	<u>5,540</u>

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

The amounts shown above for the net assets received are at NS' basis and reflect the fair value of such assets. Properties have been valued based on information received from an independent valuation consultant and do not reflect implementation of SFAS No. 143 (see Note 9, page 14). Debt has been recorded at fair value based on interest rates at the time of the Conrail Corporate Reorganization.

The Results of Operations reflected reduced roadway and equipment rental as a result of the transaction, while depreciation expense increased. The transaction did not significantly affect net income in 2004. Prospectively, the depreciation related to the assets received combined with the interest on the new debt will be lower than the rent paid for the use of PRR assets and, therefore, will result in a small annual increase of approximately 5% to net income.

12 DERIVATIVE FINANCIAL INSTRUMENTS

On Jan. 1, 2001, NS Rail adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS No. 138). The Statements establish accounting and reporting standards for derivative instruments and hedging activities, requiring that all derivatives be recognized in the financial statements as either assets or liabilities and that they be measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in Account 796 or in current earnings, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge. The settlement of the hedges will result in the reclassification into diesel fuel expense of the related gains or losses recorded as a component of Account 796.

NS Rail uses derivative financial instruments to reduce the risk of volatility in its diesel fuel costs and to manage its overall exposure to fluctuations in interest rates. NS Rail does not engage in the trading of derivatives. Management has determined that its derivative financial instruments qualify as either fair-value or cash-flow hedges, having values that highly correlate with the underlying hedged exposures, and has designated such instruments as hedging transactions. Credit risk related to the derivative financial instruments is considered to be minimal and is managed by requiring high credit standards for counterparties and periodic settlements.

Diesel Fuel Hedging

NS Rail has hedged a significant portion of its diesel fuel consumption. The intent of the hedges is to assist in the management of NS Rail's aggregate risk exposure to fuel price fluctuations, which can significantly affect NS Rail's operating margins and profitability. In order to minimize this risk, NS Rail entered into a series of swaps in order to lock in the purchase prices of some of its diesel fuel. Management has designated these derivative instruments as cash-flow hedges of the exposure to variability in expected future cash flows attributable to fluctuations in diesel fuel prices.

Following is a summary of NS Rail's diesel fuel swaps:

	<u>2004</u>	<u>2003</u>	
Number of swaps entered into during the year	120	286	
Approximate number of gallons hedged (millions)	157	374	
Approximate average price per gallon of Nymex No. 2 heating oil	\$0.86	\$0.76	
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Percent of estimated future diesel fuel consumption covered as of Dec. 31, 2004	36%	4%	—

Hedges are entered into periodically by competitive bid among selected counterparties; however, no hedges have been placed since May 2004. The goal of this hedging strategy is to reduce the variability of fuel costs over an extended period of time while minimizing the incremental cost of hedging. The program provides that NS Rail will not enter into any fuel hedges with a duration of more than 36 months, and that no more than 80% of NS Rail's average monthly fuel consumption will be hedged for each month within any 36-month period. After taking into account the effect of the hedging, diesel fuel costs represented 8% and 7% of NS Rail's operating expenses for the years ended Dec. 31, 2004 and 2003, respectively.

NS Rail's fuel hedging activity resulted in decreases in diesel fuel expenses of \$140 million and \$59 million for 2004 and 2003, respectively. Ineffectiveness, or the extent to which changes in the fair value of the heating oil contracts do not offset changes in the fair values of the expected diesel fuel transaction, was approximately \$5 million in 2004 and less than \$1 million in 2003.

Interest Rate Hedging

NS Rail manages its overall exposure to fluctuations in interest rates by issuing both fixed and floating-rate debt instruments, and by entering into interest rate hedging transactions. NS Rail had \$151 million, or 14%, and \$186 million, or 32.2%, of its fixed rate debt portfolio hedged at Dec. 31, 2004, and Dec. 31, 2003, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. NS Rail's interest rate hedging activity resulted in decreases to interest expense of \$6 million and \$10 million for 2004 and 2003, respectively. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates and, accordingly, there has been no impact on earnings resulting from ineffectiveness associated with these derivative transactions.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION – EXPLANATORY NOTES (continued)

Fair Values

The fair values of NS Rail's diesel fuel derivative instruments at Dec. 31, 2004 and 2003, were determined based upon current fair market values as quoted by an independent third party. Fair values of interest rate swaps were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions and, accordingly, are excluded from the Combined Statement of Cash Flows. Account 796 included unrealized gains of \$75 million (pretax) at Dec. 31, 2004, and \$40 million (pretax) at Dec. 31, 2003, related to the fair value of derivative fuel hedging transactions that will terminate within twelve months of the respective dates. Any future gain or loss actually realized will be based on the fair value of the derivative fuel hedges at the time of termination.

The asset and liability positions of NS Rail's outstanding derivative financial instruments were as follows:

	Dec. 31,	
	2004	2003
	(\$ in millions)	
Interest rate hedges:		
Gross fair market asset position	\$ 9	\$ 16
Gross fair market (liability) position	--	--
Fuel hedges:		
Gross fair market asset position	81	45
Gross fair market (liability) position	--	--
Total net asset (liability) position	\$ 90	\$ 61

13. PROPERTIES

Impairment of Telecommunication Assets

In 2003, NS recorded an \$84 million non-cash reduction in the carrying value of certain telecommunications assets to recognize their impaired value in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." NS' subsidiary, Thoroughbred Technology and Telecommunications (T-Cubed), developed fiber optic infrastructure with companies in the telecommunications industry. This industry has been in a severe downturn and, accordingly, T-Cubed monitored the carrying amount of these assets through independent fair market value appraisals. As a result of a deterioration in the long-term prospects for these assets, an updated appraisal obtained in the fourth quarter of 2003 indicated a significant decline in their value. T-Cubed continues to monitor the carrying value of these assets.

14. FREIGHT RATES AND REGULATED TRAFFIC

Freight Rates

In 2004, NS Rail continued its reliance on private contracts and exempt price quotes as the predominant pricing mechanism. Thus, a major portion of NS Rail's freight business is not currently economically regulated by the government. In general, market forces have been substituted for government regulation and now are the primary determinant of rail service prices. However, in 2004 there were significant coal movements moving under common carrier (tariff) rates that had previously moved under rates contained in transportation contracts. Beginning Jan. 1, 2002, coal moving to Duke Energy's (Duke) Belew's Creek, Allen, Buck and Dan River generating stations moved under common carrier rates and beginning April 1, 2002, coal moving to Carolina Power and Light's (CP&L) Hyco and Mayo plants moved under common carrier rates. In 2002, Duke and CP&L filed rate reasonableness complaints at the STB alleging that NS Rail's tariff rates for the transportation of coal were unreasonable. On Oct. 20, 2004, in a consolidated decision the STB found NS Rail's rates to be reasonable in both cases. At the STB's invitation, Duke and CP&L have each initiated proceedings to determine whether phasing constraints should apply. Although management has made an estimate of the ultimate resolution of these cases, the uncertainty of future developments in the Duke case and (or) the CP&L case may result in adjustments that could have a favorable or unfavorable material impact on results of operations in a particular quarter or year.

In 2004, NS Rail was found by the STB not to be "revenue adequate" based on results for the year 2003. A railroad is "revenue adequate" under the applicable law when its return on net investment exceeds the rail industry's composite cost of capital. This determination is made pursuant to statutory requirement and does not adversely impact NS Rail's liquidity or capital resources.

15. STOCK

In 2003, Norfolk Southern Railway redeemed all publicly held shares of its \$2.60 Cumulative Preferred Stock, Series A for a redemption price of \$50 per share plus accrued and unpaid dividends, for an aggregate redemption price of \$50.2066.

210. RESULTS OF OPERATIONS
(Dollars in Thousands)

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.

2. Report total operating expenses from Schedule 410 of this report. Any disparities in expense amounts shown in this schedule and expense amounts reported in Schedule 410 must be fully explained on page 18.

3. List dividends from investments accounted for under the cost method on the appropriate line No. 19 for Account No. 513, "Dividend Income." List dividends accounted for by the equity method on the appropriate dividend line No. 25 under the "Income from Affiliated Companies" subsection of this schedule.

4. All contra entries hereunder should be indicated in parenthesis.

5. Cross-checks

Schedule 210

Line 15, column (b)

Line 47 plus 48 plus 49, column (b)

Line 50, column (b)

Line 14, column (b)

Line 14, column (d)

Line 14, column (e)

Schedule 210

= Line 62, column (b)

= Line 63, column (b)

= Line 64, column (b)

Schedule 410

= Line 620, column (h)

= Line 620, column (f)

= Line 620, column (g)

Line No.	Cross Check	Item	Amount for current year	Amount for preceding year	Freight-related revenue & expenses	Passenger-related revenue & expenses	Line No.
		(a)	(b)	(c)	(d)	(e)	
		ORDINARY ITEMS					
		OPERATING INCOME					
		Railway Operating Income					
1		(101) Freight	7,059,945	6,236,033	7,059,945		1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching	59,137	58,789	59,137		4
5		(105) Water Transfers					5
6		(106) Demurrage	100,041	79,318	100,041		6
7		(110) Incidental	92,746	94,164	92,746		7
8		(121) Joint Facility-Credit (Debit)					8
9		(122) Joint Facility-Debit (Credit)					9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)	7,311,869	6,468,304	7,311,869		10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations					11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities					12
13		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)	7,311,869	6,468,304	7,311,869		13
14	*	(531) Railway operating expenses	5,814,294	5,609,278	5,814,294		14
15	*	Net revenue from railway operations	1,497,575	859,026	1,497,575		15
		OTHER INCOME					
16		(506) Revenue from property used in other than carrier operations	1,141	1,353			16
17		(510) Miscellaneous rent income	38,196	36,845			17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	7,557	6,402			19
20		(514) Interest Income	16,044	13,557			20
21		(516) Income from sinking and other funds	7	7			21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income	135,846	155,065			24
25		Income from affiliated companies: 519					
26		a. Dividends (equity method)					25
27		b. Equity in undistributed earnings (losses)	103	(348)			26
28		TOTAL OTHER INCOME (lines 16-26)	198,894	212,881			27
29		TOTAL INCOME (lines 15, 27)	1,696,469	1,071,907			28
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations	18,974	25,460			29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	376,962	412,350			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	395,936	437,810			36
37		Income available for fixed charges (lines 28, 36)	1,300,533	634,097			37

210. RESULTS OF OPERATIONS - Continued
(Dollars in Thousands)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No
FIXED CHARGES					
38		(546) Interest on funded debt:			
		(a) Fixed interest not in default	39,343	25,848	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt	112,965	104,118	40
41		(548) Amortization of discount on funded debt	605	670	41
42		TOTAL FIXED CHARGES (lines 38-41)	152,913	130,636	42
43		Income after fixed charges (lines 37, 42)	1,147,620	503,461	43
OTHER DEDUCTIONS					
44		(546) Interest on funded debt:			
		(c) Contingent interest			44
UNUSUAL OR INFREQUENT ITEMS					
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	1,147,620	503,461	46
PROVISIONS FOR INCOME TAXES					
47	*	(556) Income taxes on ordinary income:			
	*	(a) Federal income taxes	147,137	53,483	47
48	*	(b) State income taxes	42,932	7,637	48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes	200,101	129,541	50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	390,170	190,661	51
52		Income from continuing operations (lines 46+51)	757,450	312,800	52
DISCONTINUED OPERATIONS					
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 52+53+54)	757,450	312,800	55
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
56		(570) Extraordinary items (Net)			56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)			59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$2,474)		3,808	60
61	*	Net income (Loss) (lines 55+59+60)	757,450	316,608	61
Reconciliation of net railway operating income(NROI)					
62		Net revenues from railway operation	1,497,575	859,026	62
63	*	(556) Income taxes on ordinary income (-)	(190,089)	(61,120)	63
64	*	(557) Provision for deferred income taxes (-)	(200,101)	(129,541)	64
65		Income from lease of road and equipment (-)	(8,859)	(5,335)	65
66		Rent for leased roads and equipment (+)	172,551	235,749	66
67		Net railway operating income (loss)	1,273,097	898,779	67

NOTES AND REMARKS

220. RETAINED EARNINGS

(Dollars in Thousands)

1. Show below the items of Retained Earnings Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.
2. All contra entries hereunder should be shown in parentheses.
3. Show under "Remarks" the amount of assigned Federal income tax consequences for Account 606 and 616
4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.
5. The total of column (b) and (c), lines 3 and 7, should agree with line 61 column (b), Schedule 210.
6. Include in column (b) only amounts applicable to retained earnings exclusive of any amounts included in column (c).

Line No.	Cross Check	Item	Retained earnings- Unappropriated	Equity in undistributed earnings (losses) of affiliated companies	Line No.
		(a)	(b)	(c)	
1		Balances at beginning of year	3,090,561		1
2	(601.5)	Prior period adjustments to beginning retained earnings			2
		CREDITS			
3	(602)	Credit balance transferred from income	757,450		3
4	(603)	Appropriations released			4
5	(606)	Other credits to retained earnings (see note 10, page 14)	23,240		5
6		TOTAL	780,690		6
		DEBITS			
7	(612)	Debit balance transferred from income			7
8	(616)	Other debits to retained earnings			8
9	(620)	Appropriations for sinking and other funds			9
10	(621)	Appropriations for other purposes			10
11	(623)	Dividends: Common stock (see note 10, page 14)	1,307,978		11
12		Preferred stock (1)			12
13		TOTAL	1,307,978		13
14		Net increase (decrease) during year (line 6 minus line 13)	(527,288)		14
15		Balances at close of year (lines 1, 2 & 14)	2,563,273		15
16		Balances from line 15 (c)		N/A *	16
17	(798)	Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	2,563,273	N/A	17
18	(797)	Total appropriated retained earnings:			18
19		Credits during year			19
20		Debits during year			20
21		Balance at close of \$0			21
22		Amount of assigned Federal income tax consequences:			22
23		Account 606 \$ None			23
		Account 616 \$ None			

(1) If any dividends have not been declared on cumulative preferred stock, give cumulative undeclared dividends at beginning of year and end of year.

* Respondent maintains equity accounting for affiliates by recording transactions into the books of accounts. Therefore, a separate retained earnings memorandum account for the financial reporting of the equity portion is not maintained.

230. CAPITAL STOCK

PART I. CAPITAL STOCK
(Dollars in Thousands)

1. Disclose in column (a) the particulars of the various issues of capital stock of the respondent, distinguishing separate issues of any general class, if different in any respect.
2. Present in column (b) the par or stated value of each issue. If none, so state.
3. Disclose in columns (c), (d), (e) and (f) the required information concerning the number of shares authorized, issued, in treasury and outstanding for the various issues.
4. For the purposes of this report, capital stock and other securities are considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery or are pledged or otherwise placed in some special fund of the respondent. They are considered to be actually issued when sold to a bona fide purchaser who holds them free from control by the respondent. All securities actually issued and not reacquired by or for the respondent are considered to be actually outstanding. If reacquired by or for the respondent, and not cancelled or retired, they are considered to be nominally outstanding.

Line No.	Class of Stock (a)	Par Value (b)	Number of Shares				Book Value at End of Year		Line No.
			Authorized (c)	Issued (d)	In Treasury (e)	Outstanding (f)	Outstanding (g)	In Treasury (h)	
1	Common								1
2	Norfolk Southern Railway Company	None	50,000,000	16,668,997		16,668,997	\$166,690		2
3	Thoroughbred Technology and Telecommunications, Inc.	\$1	10,000	2,000		2,000			3
4									4
5									5
6									6
7									7
8									8
9									9
10	TOTAL	N/A	50,010,000	16,670,997		16,670,997	\$166,690		10

PART II. SUMMARY OF CAPITAL STOCK CHANGES DURING YEAR
(Dollars in Thousands)

- 1 The purpose of this part is to disclose capital stock changes during the year.
2. Column (a) presents the items to be disclosed.
3. Columns (b), (d) and (f) require disclosures of the number of preferred, common and treasury stock, respectively, applicable to the items presented in column (a).
4. Columns (c), (e) and (g) require the applicable disclosure of the book values of preferred, common and treasury stock.
5. Disclose in column (h) the additional paid-in capital realized from changes in capital stock during year.
6. Unusual circumstances arising from changes in capital stock changes shall be fully explained in footnotes to this schedule.

Line No.	Items (a)	Preferred Stock		Common Stock		Treasury Stock		Additional Capital (h)	Line No.
		Number of Shares (b)	Amount (c)	Number of Shares (d)	Amount (e)	Number of Shares (f)	Amount (g)		
11	Balance at beginning of year							\$783,564	11
12	Capital Stock Sold				\$166,690				12
13	Capital Stock Reacquired								13
14	Capital Stock Canceled								14
15	Contribution to Capital, Note 10, page 14							5,525,742	15
16									16
17	Balance at close of year				\$166,690			\$6,309,306	17

240. STATEMENT OF CASH FLOWS

(Dollars in Thousands)

Give the information as requested concerning the cash flows during the year. Either the direct or indirect method can be used. The direct method shows as its principal components operating cash receipts and payments, such as cash received from customers as cash paid to suppliers and employees, the sum of which is net cash flow from operating activities. The indirect method starts with net income and adjusts it for revenue and expense items that were not the result of operating cash transactions in the current period to reconcile it to net cash from operating activities. If direct method is used complete lines 1-41; indirect method complete lines 10-41. Cash for the purpose of this schedule shall include cash and cash equivalents which are short-term, highly liquid investments readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Information about all investing and financing activities which do not directly affect cash shall be separately disclosed in footnotes to this schedule. They shall clearly relate the cash (if any) and noncash aspects of transactions. Examples of noncash investing and transactions include converting debt to equity acquiring assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller; obtaining an asset by entering into a capital lease; and exchanging noncash assets or liabilities for other noncash assets or liabilities. Some transactions are part cash and part noncash; only the cash portion shall be reported directly in the statement of cash flows. Refer to FAS Statement No. 95, Statement of Cash Flows, for further details.

CASH FLOWS FROM OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
1		Cash received from operating revenues			1
2		Dividends received from affiliates			2
3		Interest received			3
4		Other income			4
5		Cash paid for operating expenses			5
6		Interest paid (net of amounts capitalized)			6
7		Income taxes paid			7
8		Other-net			8
9		NET CASH PROVIDED BY OPERATING ACTIVITIES (Lines 1-8)			9

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
10		Income from continuing operations	757,450	312,800	10

ADJUSTMENTS TO RECONCILE INCOME FROM CONTINUING OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
11		Loss (gain) on sale or disposal of tangible property and investments	(34,805)	(33,657)	11
12		Depreciation and amortization expenses	636,859	543,296	12
13		Increase (decrease) in provision for deferred income taxes	200,101	129,541	13
14		Net decrease (increase) in undistributed earnings (losses) of affiliates	43,631	(5,846)	14
15		Decrease (increase) in accounts receivable	46	30,540	15
16		Decrease (increase) in materials and supplies, and other current assets	(19,405)	(7,336)	16
17		Increase (decrease) in current liabilities other than debt	103,472	18,381	17
18		Increase (decrease) in other-net	69,753	93,465	18
19		Net cash provided from continuing operations (Lines 10-18)	1,757,102	1,081,184	19
20		Add (subtract) cash generated (paid) by reason of discontinued operations and extraordinary items	-	3,808	20
21		NET CASH PROVIDED FROM OPERATING ACTIVITIES (Lines 19 & 20)	1,757,102	1,084,992	21

CASH FLOWS FROM INVESTING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
22		Proceeds from sale of property and other transactions	24,151	122,840	22
23		Capital expenditures	(1,036,259)	(711,148)	23
24		Net change in temporary cash investments not qualifying as cash equivalents	(88,011)	(2,083)	24
25		Proceeds from sale/repayment of investment and advances	47,777	102,593	25
26		Purchase price of long-term investment and advances	(127,543)	(102,662)	26
27		Net decrease (increase) in sinking and other special funds	(44,844)	(32,902)	27
28		Other-net	-	-	28
29		NET CASH USED IN INVESTING ACTIVITIES (Lines 22-28)	(1,224,729)	(623,362)	29

(Continued on next page)

240. STATEMENT OF CASH FLOWS (Concluded)
(Dollars in Thousands)

CASH FLOWS FROM FINANCING ACTIVITIES

Line No.	Cross Check	Description (a)	Current Year (b)	Prior Year (c)	Line No.
30		Proceeds from issuance of long-term debt	202,005	261,100	30
31		Principal payments of long-term debt	(212,940)	(165,904)	31
32		Redemption of minority interest	-	(42,528)	32
33		Other paid-in capital	2,824	-	33
34		Advances to NS	36,600	28,401	34
35		Advances and repayments from NS	(265,772)	(422,157)	35
36		NET CASH FROM FINANCING ACTIVITIES (Lines 30-35)	(237,283)	(341,088)	36
37		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -25015 (Lines 21, 29 & 36)	295,090	120,542	37
38		Cash and cash equivalents at beginning of the year	265,578	145,036	38
39		CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Lines 37 & 38)	560,668	265,578	39
Footnotes to Schedule 240					
Cash paid during the year for:					
40		Interest (net of amount capitalized)*	44,613	44,620	40
41		Income taxes (net)*	127,838	42,241	41

*Only applies if indirect method is adopted.

NOTES AND REMARKS

245. WORKING CAPITAL

(Dollars in Thousands)

1. This schedule should include only data pertaining to railway transportation services.

2. Carry out calculation of lines 9, 10, 20 and 21, to the nearest whole number.

Line No.	Item (a)	Source No.	Amount (b)	Line No.
CURRENT OPERATING ASSETS				
1	Interline and Other Balances (705)	Schedule 200, line 5, column b	513	1
2	Customers (706)	Schedule 200, line 6, column b	43,745	2
3	Other (707)	Note A	55,582	3
4	TOTAL CURRENT OPERATING ASSETS	Line 1 + 2 + 3	99,840	4
OPERATING REVENUE				
5	Railway Operating Revenue	Schedule 210, line 13, column b	7,311,869	5
6	Rent Income	Note B	256,538	6
7	TOTAL OPERATING REVENUES	Lines 5 + 6	7,568,407	7
8	Average Daily Operating Revenues	Line 7 + 360 days	21,023	8
9	Days of Operating Revenue in Current Operating Assets	Line 4 + line 8	5	9
10	Revenue Delay Days Plus Buffer	Lines 9 + 15 days	20	10
CURRENT OPERATING LIABILITIES				
11	Interline and Other Balances (752)	Schedule 200, line 31, column b	2,565	11
12	Audited Accounts and Wages Payable (753)	Note A	50,077	12
13	Accounts Payable-Other (754)	Note A	72	13
14	Other Taxes Accrued (761 5)	Note A	173,299	14
15	TOTAL CURRENT OPERATING LIABILITIES	Sum of lines 11 to 14	226,013	15
OPERATING EXPENSES				
16	Railway Operating Expenses	Schedule 210, line 14, column b	5,814,294	16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h	635,607	17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17	5,435,225	18
19	Average Daily Expenditures	Line 18 + 360 days	15,098	19
20	Days of Operating Expenses in Current Operating Liabilities	Line 15 + line 19	15	20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)	5	21
22	Cash Working Capital Required	Line 21 x line 19	75,490	22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b	650,808	23
24	Cash Working Capital Allowed	Lesser line 22 and line 23	75,490	24
MATERIALS AND SUPPLIES				
25	Total Material and Supplies (712)	Note A	104,173	25
26	Scrap and Obsolete Material included in Acct. 712	Note A		26
27	Materials and Supplies held for Common Carrier Purposes	Line 25 - line 26	104,173	27
28	TOTAL WORKING CAPITAL	Line 24 + line 27	179,663	28

Notes: (A) Use common carrier portion only. Common carrier refers to railway transportation service.

(B) Rent Income is the sum of Schedule 410, column h, lines 121, 122, 123, 127, 128, 129, 133, 134, 135, 208, 210, 212, 227, 229, 231, 312, 314, and 316. Rent income is added to railway operating revenues to produce total revenues. Rent income is also added to total operating expenses to exclude the rent revenue items from operating expense.

(C) If result is negative, use zero.

NOTES AND REMARKS

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 310 AND 310A

1. Schedule 310 should give particulars of stocks, bonds, and other secured obligations, unsecured notes, and investment advances of affiliated companies held by respondent at the close of the year. Also, disclose the investments made, disposed of, and written down during the year and the applicable dividends and interest credited to income as a result of those investments. They should exclude securities issued or assumed by respondent. For definition of affiliated companies, see the rules governing Account No. 721 "Investments and Advances; Affiliated Companies", in the Uniform System of Accounts for Railroad Companies.

2. List the investments in the following order and show a total for each group and each class of investment by accounts in numerical order.

- (A) Stocks
 - (1) Carriers-active
 - (2) Carriers-inactive
 - (3) Noncarriers-active
 - (4) Noncarriers-inactive
- (B) Bonds (including US government bonds)
- (C) Other secured obligations
- (D) Unsecured notes
- (E) Investment advances

3. The subclassification of classes (B), (C), (D), and (E) should be the same as those provided for class (A).

4. The kinds of industry represented by respondent's investments in the securities of other companies should be shown by symbol opposite the names of the issuing corporations. The symbols and industrial classifications are as follows:

Symbol	Kind of Industry
I	Agriculture, forestry, and fisheries
II	Mining
III	Construction
IV	Manufacturing
V	Wholesale and retail trade
VI	Finance, insurance, and real estate
VII	Transportation, communications, and other public utilities
VIII	Services
IX	Government
X	All other

5. By carriers, as the term is used here, is meant companies owning or operating railroads, facilities auxiliary thereto such as bridges, ferries, union depots, and other terminal facilities, sleeping cars, parlor cars, dining cars, freight cars, express services and facilities, electric railways, highway motor vehicles, steamboats and other marine transportation equipment, pipe lines (other than those for transportation of water), and other instrumentalities devoted to the transportation of persons or property for hire. Telegraph and telephone companies are not meant to be included.
6. Noncarrier companies should, for the purposes of these schedules, include telephone companies, telegraph companies, mining companies, manufacturing companies, hotel companies, etc. Purely holding companies are to be classified as noncarrier companies, even though the securities held by such companies are largely or entirely issued or assumed by carriers.
7. By an active corporation is meant one which maintains an organization for operating property or administering its financial affairs. An inactive corporation is one which has been practically absorbed in a controlling corporation and which neither operates property nor administers its financial affairs. If it maintains an organization it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.
8. Combine in one account investments in which the original cost or present equity in total assets is less than \$10,000.
9. Include investments in unincorporated entities such as lessee organizations. Exclude amounts normally settled on a current basis.
10. Do not include the value of securities issued or assumed by respondent.
11. For affiliates which do not report to the Surface Transportation Board and are jointly owned, disclose in footnotes the name and extent of control of the other controlling entities.

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of companies affiliated with respondent, included in accounts Nos. 715, "Sinking Funds"; 716, "Capital Funds"; 721, "Investments and Advances Affiliated Companies"; and 717, "Other Funds."

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 18, classifying the investments by means of letters, figures, and symbols in columns (a), (b) and (c).

3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged, or otherwise encumbered, giving names and other important particulars of such obligations in footnotes

4. Give totals for each class and for each subclass and a grand total for each account.

5. Entries in column (d) should show date of maturity of bonds and other evidences of indebtedness. In case obligations of the same designation mature serially, the date in column (d) may be reported as "Serially ____ to ____." Abbreviations in common use in standard financial publications may be used to conserve space.

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721	A-1	VII	Belt Railway Company of Chicago (1)	25.00	1
2				Kansas City Terminal Rwy. (2)	8.33	2
3				Peoria and Pekin Union Rwy. (3)	40.64	3
4				Winston-Salem Southbound Rwy. Co. (4)	50.00	4
5				Terminal Railroad Association of St. Louis (5)	14.29	5
6				Trailer-Train Co. (6)	19.59	6
7				Algers Winslow & Western Rwy. Co. (7)	50.00	7
8				Augusta & Summerville RR Co. (8)	50.00	8
9				Central Transfer Rwy and Storage Co. (9)	50.00	9
10				North Charleston Terminal Co. (10)	33.33	10
11				Woodstock & Blockton Ry. (11)	50.00	11
12				Chatham Terminal Co. (12)	50.00	12
13				Beaver Street Tower Co. (13)	25.00	13
14				Iowa Transfer Ry Co. (14)	25.00	14
15						15
16						16
17				Total A-I		17
18						18
19						19
20						20
21		A-3	VI	Green Real Estate Co. (15)		21
22			X	Norfolk Southern Corp. (16)		22
23				Total A-3		23
24						24
25						25
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38

(1) Controlled jointly-other RRs own 75%

(2) Controlled jointly-other RRs own 91.67%

(3) Controlled jointly-other RRs own 59.36%

(4) CSX Transp., Inc. owns 50%

(5) Controlled jointly-other RRs own 85.71%

(6) Controlled jointly-other RRs own 80.41%

(7) Lexington Coal Co. owns 50%

(8) CSX Transp., Inc. owns 50%

(9) CSX Transp., Inc. owns 50%

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued

(Dollars in Thousands)

6. If any of the companies in this schedule are controlled by respondent the percent of control should be shown in column (e). In case any company listed is controlled other than through actual ownership of securities, give particulars in a footnote. In cases of joint control, give names of other parties and particulars of control.

7. If any advances reported are pledged, give particulars in a footnote

8. Investments in companies in which neither the original cost or present equity in total assets are less than \$10,000 may be combined in one figure.

9. Also included should be investments in unincorporated entities such as lessee organizations (exclusive of amounts nominally settled on a current basis).

10. This schedule should not include securities issued or assumed by respondent.

11. For affiliates which do not report to the Interstate Commerce Commission and are jointly owned, give names and and extent of control of other entities by footnotes.

Line No.	Investments and advances				Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
	Opening balance	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	173			173		20		1
2	*			*				2
3	157			157				3
4	623			623				4
5	330			330				5
6	309			309				6
7	85			85				7
8	28			28				8
9	19			19				9
10	35			35				10
11	120			120				11
12	19			19				12
13	*			*				13
14	16			16				14
15								15
16								16
17	1,914			1,914		20		17
18								18
19								19
20								20
21	10			10				21
22	497,032	262,740	3,143	756,629			7,557	22
23	497,042	262,740	3,143	756,639			7,557	23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31			Line 22, column g, represents the unrealized market gain (FAS115)					31
32			Line 22, column h, represents a stock donation					32
33								33
34								34
35								35
36			* Carrying value is zero					36
37								37
38								38

(10) CSX Transp., Inc. owns 66.67%

(15) Conrail owns 33.3% and CSX Transp., Inc owns 33.3%

(11) CSX Transp., Inc. owns 50%

(16) Line 23, col. (g) see note 8, page 14

(12) CSX Transp., Inc. owns 50%

(13) CSX Transp., Inc. owns 50% and FEC owns 25%

(14) BN owns 25%, Heartland Rail owns 25%, and Chicago & NW owns 25%

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued
(Dollars in Thousands)

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of Control	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721	E-1	VII	Akron Barberton Belt Rwy.		1
2				Kansas City Terminal Rwy.		2
3				Terminal Railroad Association of St Louis		3
4				Central Transfer Ry. & Storage Co.		4
5				North Charleston Terminal Co.		5
6				Chatham Terminal Co.		6
7				Beaver St. Tower Co.		7
8				Woodstock & Blocton Ry.		8
9						9
10						10
11						11
12				Total E-1		12
13						13
14		E-3	X	Norfolk Southern Corporation		14
15			X	Other (principally long-term investments in certificates of deposit)		15
16			VI	Southern Region Industrial Realty, Inc.		16
17						17
18				Total E-3		18
19						19
20						20
21						21
22						22
23						23
24						24
25						25
26				Total 721		26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38						38
39						39
40						40

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Concluded

(Dollars in Thousands)

Line No.	Opening balance	Investments and advances			Disposed of: profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
		Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	114			114				1
2	3,133			3,133				2
3	170			170				3
4	25			25				4
5	1,089			1,089				5
6	5			5				6
7	5			5				7
8	10			10				8
9								9
10								10
11								11
12	4,551			4,551				12
13								13
14	39,731			39,731				14
15		2,619	1,504	1,115				15
16	383			383				16
17								17
18	40,114	2,619	1,504	41,229				18
19								19
20								20
21								21
22	543,621	265,359	4,647	804,333		20	7,557	22
23								23
24				(20)	721.5 Total			24
25				296,841	Sch. 310A Total			25
26				1,101,154				26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40

310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES

(Dollars in Thousands)

Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stocks included in Account 721, Investments and Advances Affiliated Companies.
2. Enter in column (c) the amount necessary to retroactively adjust those investments. (See instruction 5-2, Uniform System of Accounts.)
3. Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses.
4. Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost) at date of acquisition.
5. For definitions of "carrier" and "noncarrier," see general instructions.

Line No.	Name of issuing company and description of security held	Balance at beginning of year (b)	Adjustment for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
1	Carriers. (List specifics for each company)							1
2	Algiers Winslow and Western	406		96			502	2
3	Augusta and Summerville	56					56	3
4	Belt Railway Company of Chicago*	2,642	5,468	817			8,927	4
5	Central Transfer and Storage Co.	10		1			11	5
6	Peoria and Pekin Union Rwy.*	387	1,031	(69)			1,349	6
7	Trailer-Train Co.*	24,934	232,327	8,013			265,274	7
8	Winston-Salem Southbound Rwy.	5,790	(6)	6			5,790	8
9	Woodstock and Blocton	2					2	9
10	Total Carriers	34,227	238,820	8,864 *			281,911	10
11	Noncarriers:							11
12	Calthness Western Wind Acquisition, LLC	15,151	2,776	(4,671)			13,256	12
13	Pike Letcher Synfuel, LLC	15,151	50,684	(49,010)			1,674	13
14	Total Noncarriers		53,460	(53,681)			14,930	14
15	Total Equity	49,378	292,280	(44,817)			296,841	15
16								16
17	NOTE:							17
18	Respondent maintains equity accounting for affiliates by recording transactions into the books of accounts. Therefore, a separate retained earnings memorandum account for the financial reporting of the equity portion is not maintained.							18
19								19
20								20
21	Dividends received are accounted (in column (c)) as a reduction in the investment carrying value.							21
22								22
23	*Adjustments reflected in column c represent increases as a result of the capital contribution of the assets and liabilities of PRR to NS Rail (see note 11, page 15).							23
24	Equity in undistributed earnings during the year for lines 3, 5 and 6 credited to operating expenses equals \$8,761, which leaves \$103							24
25	applied to equity in undistributed earnings.							25
26								26
27								27
30								30

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 330

1. Give particulars of balances at the beginning and close of the year and of all changes during the year in Account No. 731, "Road and Equipment Property", and Account No. 732, "Improvements on Leased Property", classified by primary accounts in accordance with the Uniform System of Accounts for Railroad Companies. The balances, by primary accounts, should insofar as known, be stated in column (b) and all changes made during the year should be analyzed in columns (c) to (f), inclusive. Column (h) is the aggregate of columns (b) to (f), inclusive. Grand totals of columns (b) and (h) should equal the sum of Accounts 731 and 732 for the respective periods; if not, full explanation should be made in a footnote.
2. In column (c) are to be shown disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, and for the extension of old lines, as provided for in Instruction 2-1, "Items to be charged", of the Uniform System of Accounts for Railroad Companies for such items.
3. In column (d) is to be shown the cost of a railway or portion thereof, acquired as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise.
4. In columns (c) and (e) should be included all entries covering expenditures for additions and betterments, as defined, whether or not replacing other property.
5. In column (f) should be entered all credits representing property sold, abandoned, or otherwise retired.
6. Both the debit and credit involved in each transfer, adjustment, or clearance between road and equipment accounts, should be included in the column in which the item was initially included, also the transfer of prior years' debits or credits from investment in road and equipment to operating expenses or other accounts, or vice versa, should be included in the column applicable to current items of like nature. Each such transfer, adjustment, or clearance should be fully explained when in excess of \$100,000.
7. If during the year an individual charge of \$100,000 or more was made to Account No. 2, "Land for Transportation Purposes", state in a footnote the cost, location, area, and other details which will identify the property.
8. Report on line 29 amounts not includible in the primary road accounts. The items reported should be briefly identified and explained under "Notes and Remarks" below. Amounts should be reported on this line only under special circumstances, usually after permission is obtained from the Commission for exceptions to prescribed accounting. Reference to such authority should be made when explaining the amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Commission.
9. If during the year a segment of transportation property was acquired, state in a footnote the name of the vendor, the mileage acquired, and the date of acquisition, giving termini and the cost of the property to the respondent. Also furnish a statement of the amount included in each primary account representing such property acquired, referring to the column or columns in which the entries appear.
10. If an amount of less than \$2,000 is used as the minimum for additions and betterments to property investment accounts as provided for in Instruction 2-2 of the Uniform System of Accounts for Railroad Companies, state in a footnote the amount used.

NOTES AND REMARKS

Reconciliation of Depreciation Expense to Schedule 410Road (Column (c))

374,108	Schedule 410, Lines 136 - 138, Column (h)
2,668	Shop Machinery
5,215	Depreciation capitalized
<u>381,991</u>	Total
365,170	Schedule 335, Line 30, Column (c)
179	Schedule 339, Line 41, Column (c)
16,642	Schedule 342
<u>381,991</u>	Total

Equipment (Column (c))

261,499	Schedule 410
(2,668)	Shop Machinery
-	Other
<u>258,831</u>	Total
258,302	Schedule 335, Line 40, Column (c)
529	Schedule 342
<u>258,831</u>	

Schedule 342 (Column (c))

16,642	Road
529	Equipment
<u>17,171</u>	Schedule 342, Line 41, Column (c)

Reconciliation of Accumulated Depreciation and Amortization to Schedule 200

6,065,058	Schedule 335, Line 41, Column (g)
<u>165,171</u>	Schedule 342, Line 41, Column (g)
<u>6,230,229</u>	
<u>6,230,229</u>	Schedule 200, Line 27, Column (b)

330. ROAD PROPERTY AND EQUIPMENT AND IMPROVEMENTS TO LEASED PROPERTY AND EQUIPMENT
(Dollars in Thousands)

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	Expenditures during the year for original road and equipment, and road extensions (c)	Expenditures during the year for purchase of existing lines, reorganizations, etc. (d)	Line No.
1		(2) Land for transportation purpose	206,650		1,750,040	1
2		(3) Grading	528,552		1,307,489	2
3		(4) Other, right-of-way expenditures	5,782		1,820	3
4		(5) Tunnels and subways	42,998		143,675	4
5		(6) Bridges, trestles, and culverts	832,438		734,112	5
6		(7) Elevated structures	38,166		1,108	6
7		(8) Ties	2,311,791		761,538	7
8		(9) Rail and other track material	3,121,719		1,838,168	8
9		(11) Ballast	967,506		694,815	9
10		(13) Fences, snow sheds, and signs	6,404		658	10
11		(16) Station and office buildings	411,571		54,206	11
12		(17) Roadway buildings	48,118		3,077	12
13		(18) Water stations	0		75	13
14		(19) Fuel stations	23,413		20,752	14
15		(20) Shops and enginehouses	210,883		30,797	15
16		(22) Storage warehouses	4,143		0	16
17		(23) Wharves and docks	0		361	17
18		(24) Coal and ore wharves	155,432		21,799	18
19		(25) TOFC/COFC terminals	316,320		67,971	19
20		(26) Communications systems	374,953		10,181	20
21		(27) Signals and interlocker	669,311		255,516	21
22		(29) Power plants	2,695		140	22
23		(31) Power-transmissions systems	25,293		(291)	23
24		(35) Miscellaneous structures	14,336		1,648	24
25		(37) Roadway machines	282,524		(5,419)	25
26		(39) Public improvements-Construction	322,771		33,310	26
27		(44) Shop machinery	80,891		10,823	27
28		(45) Power-plant machinery	14,799		2,975	28
29		Other (specify and explain)	0		0	29
30		TOTAL EXPENDITURES FOR ROAD	11,019,459		7,741,344	30
31		(52) Locomotives *	2,525,390		518,691	31
32		(53) Freight-train cars	2,498,310		278,480	32
33		(54) Passenger-train cars	0		0	33
34		(55) Highway revenue equipment	131,534		1,442	34
35		(56) Floating equipment	0		0	35
36		(57) Work equipment	127,136		7,886	36
37		(58) Miscellaneous equipment	162,210		1,590	37
38		(59) Computer systems and word processing equip	279,398		(6,747)	38
39		TOTAL EQUIPMENT	5,723,978		801,342	39
40		(76) Interest during construction	0		0	40
41		(80) Other elements of investment	0		0	41
42		(90) Construction in progress	278,155		0	42
43		GRAND TOTAL	17,021,592		8,542,686	43

330 ROAD PROPERTY AND EQUIPMENT AND IMPROVEMENTS TO LEASED PROPERTY AND EQUIPMENT-Continued
(Dollars in Thousands)

Line No.	Cross Check	Expenditures for additions during the year (e)	Credits for property retired during the year (f)	Net changes during the year (g)	Balance at close of year (h)	Line No.
1		9,370	(5,990)	1,765,400	1,972,050	1
2		4,460	276	1,311,673	1,840,225	2
3		16	0	1,836	7,618	3
4		0	0	143,675	186,673	4
5		25,233	(18)	759,363	1,591,801	5
6		0	0	1,108	39,274	6
7		196,273	39,334	918,477	3,230,268	7
8		101,209	27,357	1,912,020	5,033,739	8
9		70,533	14,803	750,545	1,718,051	9
10		39	(12)	709	7,113	10
11		36,256	6,777	83,685	495,256	11
12		116	(3)	3,196	51,314	12
13		0	0	75	75	13
14		1,922	194	22,480	45,893	14
15		9,863	234	40,426	251,309	15
16		0	0	0	4,143	16
17		0	0	361	361	17
18		1,022	51	22,770	178,202	18
19		25,778	2,203	91,546	407,866	19
20		9,933	169	19,945	394,898	20
21		37,783	222	293,077	962,388	21
22		0	(1)	141	2,836	22
23		192	19	(118)	25,175	23
24		0	0	1,648	15,984	24
25		11,852	6,149	284	282,808	25
26		35,629	2,724	66,215	388,986	26
27		468	359	10,932	91,823	27
28		0	0	2,975	17,774	28
29		0	0	0	0	29
30		577,947	94,847	8,224,444	19,243,903	30
31		311,031	243,020	586,702	3,112,092	31
32		41,984	80,461	240,003	2,738,313	32
33		0	0	0	0	33
34		21,989	4,148	19,283	150,817	34
35		0	0	0	0	35
36		576	3,660	4,802	131,938	36
37		21,533	17,341	5,782	167,992	37
38		37,216	15,880	14,589	293,987	38
39		434,329	364,510	871,161	6,595,139	39
40		0	0	0	0	40
41		0	0	0	0	41
42		16,143	(11,817)	27,960	306,115	42
43		1,028,419	447,540	9,123,565	26,145,157	43

332 DEPRECIATION BASE AND RATES - ROAD AND EQUIPMENT OWNED AND USED AND LEASED FROM OTHERS
(Dollars in Thousands)

- 1 Show in columns (b) and (e), for each primary account, the depreciation base used to compute the depreciation charges for the month of January, and in columns (c) and (f) show the depreciation base used to compute the depreciation charges for the month of December, in columns (d) and (g) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 39 of these columns show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. The depreciation base should not include the cost of equipment used, but not owned, when the rents therefor are included in the rent for equipment and Account Nos. 31-22-00, 31-23-00, 31-25-00, 31-21-00, 35-21-00, 35-23-00, 35-22-00, and 35-25-00. It should include the cost of equipment owned and leased to others when the rents therefrom are included in the rent for equipment Accounts Nos. 32-21-00, 32-22-00, 32-23-00, 32-25-00, 36-21-00, 36-22-00, and 36-25-00, inclusive. The composite rates used should be those prescribed or otherwise authorized by the Commission, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.
- 2 All leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.
- 3 Show in columns (e), (f), and (g) data applicable to Lessor property, when the rent therefor is included in Account Nos. 31-11-00, 31-12-00, 31-13-00, 31-21-00, 31-22-00, and 31-23-00, inclusive.
4. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) effected.
5. Disclosures in the respective sections of this schedule may be omitted if either total road leased from other or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively.

Line No.	Account (a)	OWNED AND USED			LEASED FROM OTHERS			Line No.
		Depreciation base		Annual composite rate (percent) (d)	Depreciation base		Annual composite rate (percent) (g)	
		1/1 At beginning of year (b)	12/1 At close of year (c)		1/1 At beginning of year (e)	12/1 At close of year (f)		
	ROADWAY							
1	(3) Grading	465,384	3,650,647	1.05%				1
2	(4) Other, right-of-way expenditures	4,900	8,626	1.05%				2
3	(5) Tunnels and subways	41,408	215,761	0.83%				3
4	(6) Bridges, trestles, and culverts	774,196	2,235,123	1.03%				4
5	(7) Elevated structures**	38,166	40,605	6.71%				5
6	(8) Ties	1,968,383	3,552,815	3.13%				6
7	(9) Rail and other track material	2,711,930	5,445,016	2.32%				7
8	(11) Ballast	815,638	1,914,092	2.50%				8
9	(13) Fences, snow sheds, and signs	6,155	7,792	1.05%				9
10	(16) Station and office buildings	384,847	562,760	2.85%				10
11	(17) Roadway buildings	47,768	59,090	2.56%				11
12	(18) Water stations	0	196	2.33%				12
13	(19) Fuel stations	19,405	61,085	3.20%				13
14	(20) Shops and enginehouses	196,361	294,805	2.00%	NOT APPLICABLE - 5 % RULE			14
15	(22) Storage warehouses	4,143	4,143	2.49%				15
16	(23) Wharves and docks	0	471	2.86%				16
17	(24) Coal and ore wharves	155,279	190,506	2.55%				17
18	(25) TOFC/COFC terminals	295,563	439,938	3.07%				18
19	(26) Communications systems	369,945	453,732	3.84%				19
20	(27) Signals and interlocker	599,174	1,158,877	1.78%				20
21	(29) Power plants	2,678	4,592	3.13%				21
22	(31) Power-transmissions systems	23,336	32,454	2.50%				22
23	(35) Miscellaneous structures	12,051	16,393	2.78%				23
24	(37) Roadway machines	282,524	329,992	5.64%				24
25	(39) Public improvements-Construction	273,522	387,210	2.63%				25
26	(44) Shop machinery	79,568	133,593	3.40%				26
27	(45) Power-plant machinery	14,755	17,652	2.33%				27
28	All other road accounts	0	0	0.00%				28
29	Amortization (Adjustments)	0	0	0.00%				29
30	TOTAL ROAD	9,587,059	21,217,766	2.50%				30
	EQUIPMENT							
31	(52) Locomotives	2,517,020	3,361,757	3.58%				31
32	(53) Freight-train cars	2,488,697	3,060,526	3.18%				32
33	(54) Passenger-train cars	0	0	0.00%				33
34	(55) Highway revenue equipment	131,534	149,837	6.84%				34
35	(56) Floating equipment	0	0	5.00%				35
36	(57) Work equipment	126,773	163,816	2.27%				36
37	(58) Miscellaneous equipment	162,210	198,798	8.52%				37
38	(59) Computer systems and word processing equipment	277,540	308,832	16.67%				38
39	TOTAL EQUIPMENT	5,703,774	7,243,366	4.16%				39
40	GRAND TOTAL	15,290,833	28,461,132	2.92%				40

** During 2004, NS discontinued depreciation accruals on \$38,166,131 of investment in ICC 7 account because the facility at Kopperston, WV was fully depreciated.

335. ACCUMULATED DEPRECIATION - ROAD AND EQUIPMENT OWNED AND USED (Dollars in Thousands)

1. Disclose the required information in regard to credits and debits to Account No. 735, "Accumulated Depreciation, Road and Equipment Property," during the year relating to owned and used road and equipment. Include entries for depreciation of equipment owned but not used when the resulting rents are included in the "Lease Rentals - Credits - Equipment" accounts and "Other Rents - Credits - Equipment" accounts. Exclude any entries for depreciation of equipment that is used but not owned when the resulting rents are included in "Lease Rental - Debit - Equipment" account and "Other Rents - Debit - Equipment" accounts. (See Schedule 351 for the accumulated depreciation to road and equipment owned and leased to others).
2. If any data are included in columns (d) or (f), explain the entries in detail.
3. A debit balance in columns (b) or (g) for any primary account should be designated "Dr."
4. If there is any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses, a full explanation should be given.
5. Enter amounts representing amortization under an authorized amortization program other than for defense projects on lines 29 and 39

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
1		(3) Grading	189,046	8,010	4,618	1,355	9,544	190,775	1
2		(4) Other, right-of-way expenditures	1,321	103	19	-	310	1,133	2
3		(5) Tunnels and subways	13,426	1,411	3,547	(3,524)	1	21,907	3
4		(6) Bridges, trestles, and culverts	163,256	13,389	1,389	1,014	12,068	164,952	4
5		(7) Elevated structures	38,072	2,544	318	-	2,741	38,193	5
6		(8) Ties	786,105	112,313	3,604	66,821	24,682	790,519	6
7		(9) Rail and other track material	839,792	89,569	78,014	18,026	-	989,349	7
8		(11) Ballast	193,948	28,944	14,086	14,363	836	221,759	8
9		(13) Fences, snow sheds, and signs	3,469	106	12	-	322	3,265	9
10		(16) Station and office buildings	154,546	13,512	792	1,760	34,133	132,957	10
11		(17) Roadway buildings	21,953	1,584	47	30	2,483	21,071	11
12		(18) Water stations	-	3	-	-	-	3	12
13		(19) Fuel stations	9,753	1,549	281	195	1,415	9,953	13
14		(20) Shops and enginehouses	77,318	6,124	320	110	3,724	79,928	14
15		(22) Storage warehouses	1,104	104	-	-	63	1,145	15
16		(23) Wharves and docks	-	-	-	-	-	-	16
17		(24) Coal and ore wharves	81,378	4,724	14	61	68	85,987	17
18		(25) TOFC/COFC terminals	75,524	14,175	318	1,508	5,233	83,276	18
19		(26) Communications systems	162,024	15,860	535	161	14,439	163,819	19
20		(27) Signals and interlocker	149,353	21,855	1,966	255	18,546	154,373	20
21		(29) Power plants	1,997	101	3	2	283	1,816	21
22		(31) Power-transmissions systems	11,088	787	53	(2)	1,410	10,520	22
23		(35) Miscellaneous structures	5,957	447	27	(3)	1,354	5,080	23
24		(37) Roadway machines	120,507	17,504	-	5,793	11,550	120,668	24
25		(39) Public improvements-Construction	48,706	9,283	1,555	2,268	5,306	51,950	25
26		(44) Shop machinery*	24,155	2,668	3,221	367	100	29,577	26
27		(45) Power-plant machinery	7,725	453	-	-	633	7,545	27
28		All other road accounts	-	-	-	-	-	-	28
29		Amortization (Adjustments)	-	(1,932)	84,483	-	-	82,551	29
30		TOTAL ROAD	3,141,523	365,170	197,182	108,560	151,244	3,444,071	30
31	*	(52) Locomotives	876,246	105,591	1,904	44,521	-	939,220	31
32	*	(53) Freight-train cars	1,034,643	86,239	2,495	43,403	-	1,079,974	32
33	*	(54) Passenger-train cars	-	-	-	-	-	-	33
34	*	(55) Highway revenue equipment	89,914	9,248	-	2,276	-	96,886	34
35	*	(56) Floating equipment	-	-	-	-	-	-	35
36	*	(57) Work equipment	35,157	2,907	105	1,847	-	36,322	36
37	*	(58) Miscellaneous equipment	72,454	14,315	-	12,363	-	74,406	37
38		(59) Computer systems and WP equip.	153,210	47,861	-	15,466	-	185,605	38
39	*	Amortization Adjustments	216,872	(7,859)	-	439	-	208,574	39
40		TOTAL EQUIPMENT	2,478,496	258,302	4,504	120,315	-	2,620,987	40
41		GRAND TOTAL	5,620,019	623,472	201,686	228,875	151,244	6,065,058	41

* To be reported with equipment expenses rather than W&S expenses

339. ACCRUED LIABILITY – LEASED PROPERTY

(Dollars in Thousands)

1. Disclose the required information relating to credits and debits of Account 772, "Accrued Liability Leased Property," during the year concerning road and equipment leased from others.
2. In column (c), enter amounts charged to operating expenses; in column (e), enter debits to account arising from retirements; in column (f), enter amounts paid to lessor.
3. Any inconsistencies between credits to account, charges to operating expenses and payments to lessors should be fully explained.
4. Required disclosure may be omitted if leased road and equipment property represents 5% or less of total property owned and used
5. If settlement for depreciation is made currently between lessee and lessor, and no debits or credits to Account No. 772 are made by the accounting company, show in column (c) the charges to operating expenses, and in column (f) show payments made to the lessor in settlement thereof.

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO ACCOUNTS During the year		DEBITS TO ACCOUNTS During the year		Balance at close of year (g)	Line No.
			Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
	ROADWAY							
1	(3) Grading							1
2	(4) Other, right-of-way expenditures							2
3	(5) Tunnels and subways							3
4	(6) Bridges, trestles, and culverts							4
5	(7) Elevated structures							5
6	(8) Ties							6
7	(9) Rail and other track material							7
8	(11) Ballast							8
9	(13) Fences, snow sheds, and signs							9
10	(16) Station and office buildings							10
11	(17) Roadway buildings							11
12	(18) Water stations							12
13	(19) Fuel stations		NOT APPLICABLE - 5 % RULE					13
14	(20) Shops and enginehouses							14
15	(22) Storage warehouses							15
16	(23) Wharves and docks							16
17	(24) Coal and ore wharves							17
18	(25) TOFC/COFC terminals							18
19	(26) Communications systems							19
20	(27) Signals and interlocker							20
21	(29) Power plants							21
22	(31) Power-transmissions systems							22
23	(35) Miscellaneous structures							23
24	(37) Roadway machines							24
25	(39) Public improvements-Construction							25
26	(44) Shop machinery*							26
27	(45) Power-plant machinery							27
28	All other road accounts							28
29	Amortization (Adjustments)							29
30	TOTAL ROAD							30
	EQUIPMENT							
31	(52) Locomotives							31
32	(53) Freight-train cars							32
33	(54) Passenger-train cars							33
34	(55) Highway revenue equipment							34
35	(56) Floating equipment							35
36	(57) Work equipment							36
37	(58) Miscellaneous equipment							37
38	(59) Computer systems and word processing equipment							38
39	Amortization Adjustments							39
40	TOTAL EQUIPMENT							40
41	GRAND TOTAL	4,447	179			139	4,487	41

*To be reported with equipment expenses rather than W & S expenses.

340. DEPRECIATION BASE AND RATES – IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

1. Show in column (b) for each primary account the depreciation base used in computing the depreciation charges for the month of January, and in column (c) show the depreciation base used in computing the depreciation charges for the month of December, in column (d) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 40 of these columns show the composite percentage of all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. This schedule should include only improvements to leased property charges to Account 732, "Improvements on Leased Property." The composite rates used should be those prescribed or otherwise authorized by the Board, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.
2. All improvements to leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.
3. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) affected.
4. Disclosures in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 41, Grand Total, should be completed

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	Line No
		At beginning of year (b)	At close of year (c)		
	ROADWAY				
1	(3) Grading				1
2	(4) Other, right-of-way expenditures				2
3	(5) Tunnels and subways				3
4	(6) Bridges, trestles, and culverts				4
5	(7) Elevated structures				5
6	(8) Ties				6
7	(9) Rail and other track material				7
8	(11) Ballast				8
9	(13) Fences, snow sheds, and signs				9
10	(16) Station and office buildings				10
11	(17) Roadway buildings				11
12	(18) Water stations				12
13	(19) Fuel stations				13
14	(20) Shops and enginehouses	NOT APPLICABLE - 5 % RULE			14
15	(22) Storage warehouses				15
16	(23) Wharves and docks				16
17	(24) Coal and ore wharves				17
18	(25) TOFC/COFC terminals				18
19	(26) Communications systems				19
20	(27) Signals and interlocker				20
21	(29) Power plants				21
22	(31) Power-transmissions systems				22
23	(35) Miscellaneous structures				23
24	(37) Roadway machines				24
25	(39) Public improvements-Construction				25
26	(44) Shop machinery*				26
27	(45) Power-plant machinery				27
28	All other road accounts				28
29	Amortization (adjustments)				29
30	TOTAL ROAD				30
	EQUIPMENT				
31	(52) Locomotives				31
32	(53) Freight-train cars				32
33	(54) Passenger-train cars				33
34	(55) Highway revenue equipment				34
35	(56) Floating equipment				35
36	(57) Work equipment				36
37	(58) Miscellaneous equipment				37
38	(59) Computer systems and WP equip.				38
39	Amortization Adjustments				39
40	TOTAL EQUIPMENT				40
41	GRAND TOTAL	1,091,810	549,815	2 55%	41

*To be reported with equipment expenses rather than W & S expenses.

342. ACCUMULATED DEPRECIATION – IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

- 1 Enter the required information concerning debits and credits to Account 733, "Accumulated Depreciation – Improvements of Leased Property," during the year relating to improvements made to road and equipment property leased from others, the depreciation charges for which are included in operating expenses of the respondent.
- 2 If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries on page 39. A debit balance in column (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."
- 3 Any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses should be fully explained on page 39.
- 4 Show in column (e) the debits to the reserve arising from retirements. These debits should not exceed investment, etc
- 5 Details in the respective sections of this schedule may be omitted if either total road leased from others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total should be completed.

Line No.	Cross Check	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
				Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
		ROADWAY							
1		(3) Grading							1
2		(4) Other, right-of-way expenditures							2
3		(5) Tunnels and subways							3
4		(6) Bridges, trestles, and culverts							4
5		(7) Elevated structures							5
6		(8) Ties							6
7		(9) Rail and other track material							7
8		(11) Ballast							8
9		(13) Fences, snow sheds, and signs							9
10		(16) Station and office buildings							10
11		(17) Roadway buildings							11
12		(18) Water stations							12
13		(19) Fuel stations		NOT APPLICABLE - 5 % RULE					13
14		(20) Shops and enginehouses							14
15		(22) Storage warehouses							15
16		(23) Wharves and docks							16
17		(24) Coal and ore wharves							17
18		(25) TOFC/COFC terminals							18
19		(26) Communications systems							19
20		(27) Signals and interlocker							20
21		(29) Power plants							21
22		(31) Power-transmissions systems							22
23		(35) Miscellaneous structures							23
24		(37) Roadway machines							24
25		(39) Public improvements-Construction							25
26		(44) Shop machinery*							26
27		(45) Power-plant machinery							27
28		All other road accounts							28
29		TOTAL ROAD							29
		EQUIPMENT							
30		(52) Locomotives							30
31		(53) Freight-train cars							31
32		(54) Passenger-train cars							32
33		(55) Highway revenue equipment							33
34		(56) Floating equipment							34
35		(57) Work equipment							35
36		(58) Miscellaneous equipment							36
37		(59) Computer systems and WP equip							37
38		TOTAL EQUIPMENT							38
39		GRAND TOTAL	180,071	17,171	2,881	11,491	23,261	165,171	39

*To be reported with equipment expenses rather than W & S expenses

NOTES AND REMARKS

SCHEDULE 335**Column (D) Other Credits**

48,771	Adjustments of Accumulated Reserve to reflect results of the latest Depreciation Study
61,206	Adjustments of Excess Reserves to reflect results of the latest Depreciation Study
15,627	Adjustments of Accumulated Reserve related to light density lines
23,277	Adjustments of Excess Reserves related to light density lines
29,544	Reversal of intercompany elimination
23,261	Transfer of leasehold improvement investment in PRR (732 acct) property to owned investment NS (731 acct).
<u>201,686</u>	Total Other Credits

Column (F) Other Debits

109,659	Adjustments of Accumulated Reserve to reflect results of the latest Depreciation Study
38,904	Adjustments of Accumulated Reserve related to light density lines
2,681	Transfer of leasehold improvement investment in PRR (732 acct) property to owned investment NS (731 acct).
<u>151,244</u>	Total Other Debits

SCHEDULE 342**Column (D) Other Credits**

<u>2,681</u>	Transfer of leasehold improvement investment in PRR (732 acct) property to owned investment NS (731 acct).
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Column (F) Other Debits

<u>23,261</u>	Transfer of leasehold improvement investment in PRR (732 acct) property to owned investment NS (731 acct).
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350. DEPRECIATION BASE AND RATES -- ROAD AND EQUIPMENT LEASED TO OTHERS

(Dollars in Thousands)

1. This schedule is to be used in cases where the related depreciation reserve is carried in the accounts of the respondent and the rent therefrom is included in Accounts 32-11-00, 32-12-00, 32-13-00, 32-21-00, 32-22-00, and 32-23-00
2. Show in columns (b) and (c), for each primary account, the depreciation base used in computing the depreciation for the months of January and December, respectively, with respect to road and equipment owned by the respondent but leased to others, the depreciation charges for which are not included in operating expenses of the respondent, but for which the depreciation reserve is recorded in the accounts of the respondent. If the base for road is other than the original cost or estimated original cost as found by the Board's Office of Economic and Environmental Analysis, brought to a current date by the respondent from its Order No. 3 records and accounts, or is other than ledger value for equipment, a full explanation should be given
3. In column (d) show the composite rates used to compute the depreciation for the month of December and on lines 29 and 38 of this column show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used to compute the depreciation for December and dividing the total also computed by the depreciation base.
4. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the accounts affected
5. Disclosures in the respective sections of this schedule may be omitted if either total road leased to others or total equipment leased to others represents less than 5% of total road owned or total equipment owned, respectively. However, Line 39, Grand Total, should be completed.

Line No.	Account (a)	Depreciation base		Annual composite rate (percent) (d)	Line No.
		At beginning of year (b)	At close of year (c)		
	ROADWAY				
1	(3) Grading				1
2	(4) Other, right-of-way expenditures				2
3	(5) Tunnels and subways				3
4	(6) Bridges, trestles, and culverts				4
5	(7) Elevated structures				5
6	(8) Ties				6
7	(9) Rail and other track material				7
8	(11) Ballast				8
9	(13) Fences, snow sheds, and signs				9
10	(16) Station and office buildings				10
11	(17) Roadway buildings				11
12	(18) Water stations				12
13	(19) Fuel stations				13
14	(20) Shops and enginehouses				14
15	(22) Storage warehouses				15
16	(23) Wharves and docks				16
17	(24) Coal and ore wharves				17
18	(25) TOFC/COFC terminals				18
19	(26) Communications systems				19
20	(27) Signals and interlocker				20
21	(29) Power plants				21
22	(31) Power-transmissions systems				22
23	(35) Miscellaneous structures				23
24	(37) Roadway machines				24
25	(39) Public improvements-Construction				25
26	(44) Shop machinery*				26
27	(45) Power-plant machinery				27
28	All other road accounts				28
29	TOTAL ROAD				29
	EQUIPMENT				
30	(52) Locomotives				30
31	(53) Freight-train cars				31
32	(54) Passenger-train cars				32
33	(55) Highway revenue equipment				33
34	(56) Floating equipment				34
35	(57) Work equipment				35
36	(58) Miscellaneous equipment				36
37	(59) Computer systems and WP equipment				37
38	TOTAL EQUIPMENT				38
39	GRAND TOTAL				39

Included in Schedule 332

351. ACCUMULATED DEPRECIATION – ROAD AND EQUIPMENT LEASED TO OTHERS

(Dollars in Thousands)

- 1 This schedule is to be used in cases where the depreciation reserve is carried in the accounts of the respondent and the rent therefrom is included in Accounts 32-11-00, 32-12-00, 32-13-00, 32-21-00, 32-22-00, and 32-23-00
- 2 Disclose credits and debits to Account 735, "Accumulated Depreciation – Road and Equipment Property," during the year relating to road and equipment leased to others, the depreciation charges for which are not includible in operating expenses of the respondent (See Schedule 330 for the reserve relating to road and equipment owned and used by the respondent)
- 3 If any entries are made for column (d) "Other credits" or column (f) "Other debits," state the facts occasioning such entries on page 39. A debit balance in columns (b) or (g) for any primary account should be shown in parenthesis or designated "Dr "
- 4 Disclosures in the respective sections of this schedule may be omitted if either total road leased to others or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively. However, line 39, Grand Total, should be completed

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the year		DEBITS TO RESERVE During the year		Balance at close of year (g)	Line No.
			Charges to operating expenses (c)	Other credits (d)	Retirements (e)	Other debits (f)		
	ROADWAY							
1	(3) Grading							1
2	(4) Other, right-of-way expenditures							2
3	(5) Tunnels and subways							3
4	(6) Bridges, trestles, and culverts							4
5	(7) Elevated structures							5
6	(8) Ties							6
7	(9) Rail and other track material							7
8	(11) Ballast							8
9	(13) Fences, snow sheds, and signs							9
10	(16) Station and office buildings							10
11	(17) Roadway buildings							11
12	(18) Water stations							12
13	(19) Fuel stations							13
14	(20) Shops and enginehouses							14
15	(22) Storage warehouses							15
16	(23) Wharves and docks							16
17	(24) Coal and ore wharves							17
18	(25) TOFC/COFC terminals							18
19	(26) Communications systems							19
20	(27) Signals and interlocker							20
21	(29) Power plants							21
22	(31) Power-transmissions systems							22
23	(35) Miscellaneous structures							23
24	(37) Roadway machines							24
25	(38) Public improvements-Construction							25
26	(44) Shop machinery*							26
27	(45) Power-plant machinery							27
28	All other road accounts							28
29	TOTAL ROAD							29
	EQUIPMENT							
30	(52) Locomotives							30
31	(53) Freight-train cars							31
32	(54) Passenger-train cars							32
33	(55) Highway revenue equipment							33
34	(56) Floating equipment							34
35	(57) Work equipment							35
36	(58) Miscellaneous equipment							36
37	(59) Computer systems and WP equip.							37
38	TOTAL EQUIPMENT							38
39	GRAND TOTAL							39

*To be reported with equipment expense rather than W & S expense.

Included in Schedule 335

352A. INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company)
(Dollars in Thousands)

- 1 Disclose the investment in railway property used in transportation service at the close of the year. This investment represents the aggregate of property owned or leased by respondent and used in respondent's transportation service. Such property includes (a) investment reported in Accounts 731, "Road and Equipment Property" and 732, "Improvements on Leased Property" of respondent, less any 731 or 732 property leased to others for their exclusive use of road, track, or bridges (including equipment or other railway property covered by the contract). Equipment leased to others under separate distinct contracts shall not be deducted from the respondent's 731 or 732 property, and (b) the investment of other companies' 731 or 732 property (including operating and lessor railroads) used by respondent when the lease is for exclusive use or control of roads, tracks or bridges (including equipment of other railway property covered by the contract). This excludes leased equipment from operating railroads under separate distinct contracts and the investment of other carriers in property jointly used by respondent.
2. In column (a), classify each company in this schedule as: "R" for respondent, "L" for lessor railroad, "P" for inactive or proprietary company or "O" for other leased properties
3. In column (a) to (e), inclusive, first show the data requested for respondent (R); next the data for companies whose entire properties are used in transportation service of the respondent, divided between lessor (L) and proprietary (P) companies, followed by data for carriers and others (O), portions of whose property are used in transportation service of respondent. Show a total for each class of company in column (d) and (e). Then show, as deductions, data for transportation property leased to carriers and others.
4. In column (c), line-haul carriers report the miles of road used in line-haul service. Report miles in whole numbers.
5. In column (d), show the amount applicable in Accounts 731 and 732 on the books of the companies whose names appear in column (b). Values of property of other carriers segregated by estimate or otherwise should correspond in amount to the deductions made by the owners in their reports. If separate value is not available, an explanation should be provided. Differences between amounts shown in column (d) of this schedule and column (c), line 24, on the asset side of the general balance sheet of each individual railway should be explained in a footnote. Book values included in Accounts 731 and 732 of the owner should be reported in column (d) in reference to the investment of respondent in securities of the owner unless a good reason can be given for the contrary. Methods of estimating (by capitalizing rentals at 6 % or otherwise) value of property of private owners, or portions of property of other carriers should be explained.
6. In column (e), show the amount of depreciation and amortization accrued as of the close of the year in Accounts 733, 734, 735, 736, and 772, that is applicable to the property of the carriers whose names are listed in column (b), regardless of where the reserves therefor are recorded.

Line No.	Class (See Ins. 2) (a)	Name of company (b)	Miles of road used (See Ins. 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins. 6) (e)	Line No
1	R	Norfolk Southern Combined Railroad Subsidiaries	17,535	26,145,157	6,230,229	1
2						2
3	L	C & EI Railroad Company	2	0		3
4	L	Cincinnati Southern Railway	335	53,089		4
5	L	Pittsburgh & West Virginia Railroad	121	49,837	20,518	5
6	L	P & WV Subleased to Wheeling & Lake Erie	(121)	(49,837)	(20,518)	6
7		SUB-TOTAL	337	53,089	0	7
8						8
9	O	Baltimore & Ohio Railroad		53		9
10	O	Carolina Aluminum company	11	674		10
11	O	Central Transfer & Storage		12		11
12	O	Chicago & Illinois Midland Railway Company	10	13		12
13	O	Georgia Railroad & Banking Company		2		13
14		SUB-TOTAL	21	754	0	14
15						15
16		Less Lines Leased to or Operated by Others				16
17	R	Aberdeen Carolina Western	104	14,907		17
18	R	Adrenne Blissfield Railroad	2	246		18
19	R	Athens Lines LLC	38	6,223		19
20	R	BN Railroad	27	2,864		20
21	R	C & NC Railroad	22	2,477		21
22	R	C S X, Corp.	20	2,893		22
23	R	Carolina Coastal Railway	17	2,457		23
24	R	Central New York Railroad	123	63,694		24
25	R	Central Railroad Company of Indianapolis	38	5,862		25

352A. INVESTMENT IN RAILROAD PROPERTY USED IN TRANSPORTATION SERVICE (By Company) - Continued

Line No	Class (See Ins 2) (a)	Name of company (b)	Miles of road used (See Ins 4) (whole number) (c)	Investments in property (See Ins. 5) (d)	Depreciation & amortization of defense projects (See Ins 6) (e)	Line No.
26	R	Chattanooga Chickamauga Railway	19	2,163		26
27	R	Chesapeake & Albemarle Railway	77	10,211		27
28	R	Commonwealth Railway Company	13	1,345		28
29	R	East Chattanooga Belt Railway	4	604		29
30	R	Eastern Shore Railroad	5	558		30
31	R	Georgia & Florida Railway Company	58	7,559		31
32	R	Georgia Southwestern Railway	50	5,497		32
33	R	Great Walton Railroad Company	27	3,453		33
34	R	Iowa Interstate	14	1,496		34
35	R	Metra	33	3,540		35
36	R	Ogeechee Railway	57	7,778		36
37	R	R J Corman Co - Western Ohio Line	16	1,754		37
38	R	Railtex	72	10,675		38
39	R	South Carolina Central Railroad	79	10,379		39
40	R	West Tennessee Railway Company	138	19,958		40
41	R	Yadkin Valley Railroad	93	8,776		41
42		SUB-TOTAL	1,146	197,369	0	42
43						43
44						44
45						45
46						46
47						47
48						48
49						49
50						50
51						51
52						52
53						53
54						54
55						55
56						56
57						57
58						58
59						59
60						60
61						61
62						62
63						63
64						64
65						65
66						66
67						67
68						68
69						69
70						70
71						71
72						72
73						73
74						74
75		TOTAL	16,747	26,001,631	6,230,229	75

352B INVESTMENT IN RAILWAY PROPERTY USED IN TRANSPORTATION SERVICE
 (By Property Accounts)
 (Dollars in Thousands)

1. In column (b) through (e) give, by primary accounts, the amount of investment at the close of the year in property of respondent and each group or class of companies and properties.
2. The amounts for respondent and for each group or class of companies and properties on line 44 should correspond with the amounts for each class of company and property shown in Schedule 352A. Continuing records shall be maintained by respondent of the primary property accounts separately for each company or property included in this schedule.
3. Report on line 29 amounts representing capitalization or rentals for leased property based on 6% per year where property is not classified by accounts by noncarrier owners, or where cost of property leased from other carriers is not ascertainable. Identify noncarrier owners, and briefly explain on page 39 the methods of estimating value of property of noncarriers or property of other carriers.
4. Report on line 30 amounts not included in the accounts shown, or in line 29. The items reported should be briefly identified and explained. Also include here those items after permission is obtained from the Board for exceptions to prescribed accounting. Reference to such authority should be made when explaining amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Board.

Line No.	Cross Check	Account (a)	Respondent (b)	Lessor railroads (c)	Inactive (proprietary companies) (d)	Other leased properties (e)	Line No.
1		(2) Land for transportation purpose	1,949,921	5,493		1	1
2		(3) Grading	1,816,348	21,826		12	2
3		(4) Other, right-of-way expenditures	7,618	137			3
4		(5) Tunnels and subways	186,673	5,574			4
5		(6) Bridges, trestles, and culverts	1,586,637	10,687		71	5
6		(7) Elevated structures	39,274				6
7		(8) Ties	3,172,640	1,174		225	7
8		(9) Rail and other track material	4,974,801	5,884		337	8
9		(11) Ballast	1,690,669	2,156		97	9
10		(13) Fences, snow sheds, and signs	7,060	181			10
11		(16) Station and office buildings	494,575	1,288			11
12		(17) Roadway buildings	51,298	71			12
13		(18) Water stations	75	24			13
14		(19) Fuel stations	45,893	70			14
15		(20) Shops and enginehouses	251,267	47			15
16		(22) Storage warehouses	4,143				16
17		(23) Wharves and docks	361				17
18		(24) Coal and ore wharves	178,202				18
19		(25) TOFC/COFC terminals	407,866				19
20		(26) Communications systems	394,599	204		5	20
21		(27) Signals and interlocker	961,427	666		3	21
22		(29) Power plants	2,836				22
23		(31) Power-transmissions systems	25,175				23
24		(35) Miscellaneous structures	15,981	6			24
25		(37) Roadway machines	282,808				25
26		(39) Public improvements-Construction	388,790	1,445		3	26
27		(44) Shop machinery*	91,823	19			27
28		(45) Power-plant machinery	17,774	8			28
29		Leased property capitalized rentals (explain)					29
30		Other (specify and explain) Accts. 1 & 77		3,658			30
31		TOTAL EXPENDITURES FOR ROAD	19,046,534	60,618	0	754	31
32		(52) Locomotives	3,112,092				32
33		(53) Freight-train cars	2,738,313				33
34		(54) Passenger-train cars					34
35		(55) Highway revenue equipment	150,817				35
36		(56) Floating equipment					36
37		(57) Work equipment	131,938				37
38		(58) Miscellaneous equipment	167,992				38
39		(59) Computer systems and word processing equip	293,987				39
40		TOTAL EQUIPMENT	6,595,139	0	0	0	40
41		(76) Interest during construction		2,580			41
42		(80) Other elements of investment		(10,109)			42
43		(90) Construction in progress	306,115				43
44		GRAND TOTAL	25,947,788	53,089	0	754	44

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 410

Cross Checks

Schedule 410	Schedule 210	Schedule 410	Schedule 412
Line 620, column (h)	Line 14, column (b)	Lines 136 through 138, column (f)	Line 29, column (b)
Line 620, column (f)	Line 14, column (d)	Lines 118 through 123, and 130	Line 29, column (c)
Line 620, column (g)	Line 14, column (e)	through 135, column (f)	
			Schedule 415
Line 231, column (f)	Schedule 414	Lines 207, 208, 211, 212, column (f)	Lines 5, 38, column (f)
Line 230, column (f)	Line 19, columns (b) through (d)	Lines 228, 227, column (f)	Lines 24, 39, column (f)
	Line 19, columns (e) through (g)	Lines 311, 312, 315, 316, column (f)	Lines 32, 35, 36, 37, 40, 41, column (f)
			And
Line 507, column (f)	Schedule 417		Schedule 414
Line 508, column (f)	Line 1, column (f)		Minus line 24, columns (b) through (d)
Line 509, column (f)	Line 2, column (f)		plus line 24, columns (e) through (g)
Line 510, column (f)	Line 3, column (f)		
Line 511, column (f)	Line 4, column (f)		Schedule 415
Line 512, column (f)	Line 5, column (f)		Lines 5, 38, columns (c) and (d)
Line 513, column (f)	Line 6, column (f)		Lines 24, 39, columns (c) and (d)
Line 514, column (f)	Line 7, column (f)		Lines 32, 35, 36, 37, 40, 41,
Line 515, column (f)	Line 8, column (f)		columns (c) and (d)
Line 516, column (f)	Line 9, column (f)		
Line 517, column (f)	Line 10, column (f)		Lines 5, 38, column (b)
	Line 11, column (f)		
			Lines 24, 39, column (b)
Line 4, column (b)	Schedule 210	Line 202, 203, 216, column (f), equal	
	Line 47, column (b)	to or greater than, but variance cannot	
		exceed line 216, column (f)	
		Lines 221, 222, 235, column (f), equal	
		to or greater than, but variance cannot	
		exceed line 235, column (f)	
		Lines 302 through 307 and 320, column (f)	
		equal to or greater than, but variance	
		cannot exceed line 320, column (f)	
			Lines 32, 35, 36, 37, 40, 41, column (b)

410. RAILWAY OPERATING EXPENSES

(Dollars in Thousands)

State the railway operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Railroad Companies, and allocate the common operating expenses in accordance with the Commission's rule governing the separation of such expenses between freight and passenger services.

Line No	Cross Check	Name of railway operating expense account (a)	FREIGHT						Passenger (g)	Total freight expense (f)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)	Passenger (g)				
		WAY AND STRUCTURES:	\$	\$	\$	\$	\$	\$				
		ADMINISTRATION:										
1		Track	1,229	1,028	1,157	2,228	5642			5642		1
2		Bridge and Building	52	191	697	477	1,417			1,417		2
3		Signal	149	262	573	478	1,462			1,462		3
4		Communication		62	6,473	536	7,071			7,071		4
5		Other	1,325		1		1,326			1,326		5
		TOTAL ADMINISTRATION	2,755	1,543	8,901	3,719	16,918			16,918		
		REPAIR AND MAINTENANCE:										
6		Roadway - Running	20,310	418	22,815	2	43,545			43,545		6
7		Roadway - Switching	1,785	23	457		2,265			2,265		7
8		Tunnels and Subways - Running	4		4		8			8		8
9		Tunnels and Subways - Switching										9
10		Bridges and Culverts - Running	15,476	1,056	4,856	3,015	24,403			24,403		10
11		Bridges and Culverts - Switching	960	94	319	206	1,579			1,579		11
12		Ties - Running	6,044	2,036	393	9	8,482			8,482		12
13		Ties - Switching	437	287	8		732			732		13
14		Rail and Other Track Material - Running	45,311	8,777	16,775	11,028	81,891			81,891		14
15		Rail and Other Track Material - Switching	3,239	766	1,095	683	5,783			5,783		15
16		Ballast - Running	4,870	246	2,050		7,166			7,166		16
17		Ballast - Switching	411	39	176		626			626		17
18		Road Property Damaged - Running	4,508	4,775	2,424	81	11,788			11,788		18
19		Road Property Damaged - Switching										19
20		Road Property Damaged - Other	31	28		2	61			61		20
21		Signals and Interlockers - Running	19,808	9,966	2,949	1,171	33,894			33,894		21
22		Signals and Interlockers - Switching	1,059	136		26	1,221			1,221		22
23		Communications Systems	5,706	2,329	16,093	162	24,290			24,290		23
24		Power Systems	712	116	41		869			869		24
25		Highway Grade Crossings - Running	324	840	2,482	627	4,273			4,273		25
26		Highway Grade Crossings - Switching		27	77		104			104		26
27		Station and Office Buildings	1,798	1,077	5,692	3	8,570			8,570		27
28		Shop Buildings - Locomotives	2,856	2,445	1,637		6,938			6,938		28
29		Shop Buildings - Freight Cars	349	772	1,416		2,537			2,537		29
30		Shop Buildings - Other Equipment	3	42	10		55			55		30

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
101		REPAIR AND MAINTENANCE - Continued:								
		Locomotive Servicing Facilities	1	1	17		19			19 101
102		Miscellaneous Buildings and Structures	616	189	510		1,315			1,315 102
103		Coal Terminals	1,339	1,206	1,439		3,984	N/A		3,984 103
104		Ore Terminals						N/A		
105		Other Marine Terminals						N/A		
106		TOFC/COFC Terminals	218	2,199	4,810		7,227	N/A		7,227 106
107		Motor Vehicle Loading and Distribution Facilities			1,380		1,380	N/A		1,380 107
108		Facilities for Other Specialized Service Operations	24	699	1,182	88	1,993	N/A		1,993 108
109		Roadway Machines	8,012	11,957	2,672	581	23,222			23,222 109
110		Small Tools and Supplies		19,524	1,178		20,702			20,702 110
111		Snow Removal	1,815	720	1,330	1	3,866			3,866 111
112		Fringe Benefits - Running	N/A	N/A	N/A	73,141	73,141			73,141 112
113		Fringe Benefits - Switching	N/A	N/A	N/A	2,706	2,706			2,706 113
114		Fringe Benefits - Other	N/A	N/A	N/A	5,442	5,442			5,442 114
115		Casualties and Insurance - Running	N/A	N/A	N/A	16,854	16,854			16,854 115
116		Casualties and Insurance - Switching	N/A	N/A	N/A	1,185	1,185			1,185 116
117		Casualties and Insurance - Other	N/A	N/A	N/A	4,033	4,033			4,033 117
118	*	Lease Rentals - Debit- Running	N/A	N/A	141,971	N/A	141,971			141,971 118
119	*	Lease Rentals - Debit - Switching	N/A	N/A	171,043	N/A	171,043			171,043 119
120	*	Lease Rentals - Debit - Other	N/A	N/A	24,444	N/A	24,444			24,444 120
121	*	Lease Rentals - (Credit) - Running	N/A	N/A	(6,859)	N/A	(6,859)			(6,859) 121
122	*	Lease Rentals - (Credit) - Switching	N/A	N/A		N/A				
123	*	Lease Rentals - (Credit) - Other	N/A	N/A		N/A				
124		Joint Facility Rent - Debit - Running	N/A	N/A	8,201	N/A	8,201			8,201 124
125		Joint Facility Rent - Debit - Switching	N/A	N/A	2,437	N/A	2,437			2,437 125
126		Joint Facility Rent - Debit - Other	N/A	N/A	128	N/A	128			128 126
127	*	Joint Facility Rent - (Credit) - Running	N/A	N/A	(6,748)	N/A	(6,748)			(6,748) 127
128	*	Joint Facility Rent - (Credit) - Switching	N/A	N/A	(1,020)	N/A	(1,020)			(1,020) 128
129	*	Joint Facility Rent - (Credit) - Other	N/A	N/A	(210)	N/A	(210)			(210) 129
130	*	Other Rents - Debit-Running	N/A	N/A	1,734	N/A	1,734			1,734 130
131	*	Other Rents - Debit-Switching	N/A	N/A	4	N/A	4			4 131
132	*	Other Rents - Debit-Other	N/A	N/A	1,169	N/A	1,169			1,169 132
133	*	Other Rents - (Credit) -Running	N/A	N/A		N/A				
134	*	Other Rents - (Credit) -Switching	N/A	N/A		N/A				
135	*	Other Rents - (Credit) -Other	N/A	N/A	(85)	N/A	(85)			(85) 135

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
136	*	REPAIR AND MAINTENANCE - Continued:								
137	*	Depreciation - Running	N/A	N/A	N/A	207,817	207,817		207,817	136
138	*	Depreciation - Switching	N/A	N/A	N/A	35,454	35,454		35,454	137
139	*	Depreciation - Other	N/A	N/A	N/A	130,837	130,837		130,837	138
140		Joint Facility - Debit - Running	N/A	N/A	39,376	N/A	39,376		39,376	139
141		Joint Facility - Debit - Switching	N/A	N/A	3,687	N/A	3,687		3,687	140
142		Joint Facility - Debit - Other	N/A	N/A	701	N/A	701		701	141
143		Joint Facility - (Credit) - Running	N/A	N/A	(24,081)	N/A	(24,081)		(24,081)	142
144		Joint Facility - (Credit) - Switching	N/A	N/A	(2,878)	N/A	(2,878)		(2,878)	143
145		Joint Facility - (Credit) - Other	N/A	N/A	(181)	N/A	(181)		(181)	144
146		Dismantling Retired Road Property - Running								145
147		Dismantling Retired Road Property - Switching								146
148		Dismantling Retired Road Property - Other								147
149		Other - Running	2,319		1	4,280	6,600		6,600	148
150		Other - Switching		5	113		118		118	149
151		Other - Other								150
		TOTAL REPAIR AND MAINTENANCE	150,345	72,795	449,234	499,434	1,171,808		1,171,808	
		TOTAL WAY AND STRUCTURES	153,100	74,338	458,135	503,153	1,188,726		1,188,726	151
		EQUIPMENT:								
		LOCOMOTIVES:								
201		Administration	6,087	318	643	922	7,970		7,970	201
202	*	Repair and Maintenance	61,530	115,262	5,442	43	182,277		182,277	202
203	*	Machinery Repair	2,678	1,854	678		5,210		5,210	203
204		Equipment Damaged	986	946	247		2,179		2,179	204
205		Fringe Benefits	N/A	N/A	N/A	28,533	28,533		28,533	205
206		Other Casualties and Insurance	N/A	N/A	N/A	18,084	18,084		18,084	206
207	*	Lease Rentals - Debit	N/A	N/A	59,614	N/A	59,614		59,614	207
208	*	Lease Rentals - (Credit)	N/A	N/A	(5,524)	N/A	(5,524)		(5,524)	208
209		Joint Facility Rent - Debit	N/A	N/A	27	N/A	27		27	209
210	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A				210
211	*	Other Rents - Debit	N/A	N/A	608	N/A	608		608	211
212	*	Other Rents - (Credit)	N/A	N/A	(71)	N/A	(71)		(71)	212
213	*	Depreciation	N/A	N/A		103,865	103,865		103,865	213
214		Joint Facility - Debit	N/A	N/A	174	N/A	174		174	214
215		Joint Facility - (Credit)	N/A	N/A	(7)	N/A	(7)		(7)	215
216	*	Repairs Billed to Others - (Credit)	N/A	N/A	(2,599)	N/A	(2,599)		(2,599)	216
217		Dismantling Retired Property								217

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
218		LOCOMOTIVES - Continued:								
		Other	4,378	13		3	4,394			218
219		TOTAL LOCOMOTIVES	75,659	118,393	59,232	151,450	404,734			219
220		FREIGHT CARS:								
		Administration	2,917	1,235	1,177	785	6,114	N/A		220
221	*	Repair and Maintenance	37,768	30,259	60,327	281	128,635	N/A		221
222	*	Machinery Repair	690	1,118	2,084		3,892	N/A		222
223		Equipment Damaged	2,070	7,235			9,305	N/A		223
224		Fringe Benefits	N/A	N/A	N/A	15,860	15,860	N/A		224
225		Other Casualties and Insurance	N/A	N/A	N/A	11,289	11,289	N/A		225
226	*	Lease Rentals - Debit	N/A	N/A	89,115	N/A	89,115	N/A		226
227	*	Lease Rentals - (Credit)	N/A	N/A	(8,017)	N/A	(8,017)	N/A		227
228		Joint Facility Rent - Debit	N/A	N/A	30	N/A	30	N/A		228
229	*	Joint Facility Rent - (Credit)	N/A	N/A		N/A		N/A		229
230	*	Other Rents - Debit	N/A	N/A	472,256	N/A	472,256	N/A		230
231	*	Other Rents - (Credit)	N/A	N/A	(209,845)	N/A	(209,845)	N/A		231
232	*	Depreciation	N/A	N/A	N/A	82,607	82,607	N/A		232
233		Joint Facility - Debit	N/A	N/A	134	N/A	134	N/A		233
234		Joint Facility - (Credit)	N/A	N/A		N/A		N/A		234
235	*	Repairs Billed to Others - (Credit)	N/A	N/A	(36,328)	N/A	(36,328)	N/A		235
236		Dismantling Retired Property						N/A		236
237		Other	5,802	12,472		86	18,360	N/A		237
238		TOTAL FREIGHT CARS	49,247	52,319	370,933	110,908	583,407	N/A		238
301		OTHER EQUIPMENT:								
		Administration		371	366	1,636	2,373			301
302	*	Repair and Maintenance:								
		Trucks, Trailers and Containers - Revenue Service		1,383	44,429	39	45,851	N/A		302
303	*	Floating Equipment - Revenue Service			1		1	N/A		303
304	*	Passenger and Other Revenue Equipment								304
305	*	Computer Systems and Word Processing Equipment	170	498	30,989	2	31,659			305
306	*	Machinery	223	130	6		359			306
307	*	Work and Other Non-Revenue Equipment	1,080	3,030	16,715	25	20,850			307
308		Machinery								308
309		Fringe Benefits	N/A	N/A		3,567	3,567			309
310		Other Casualties and Insurance	N/A	N/A		1,154	1,154			310
311	*	Lease Rentals - Debit	N/A	N/A	29,426	N/A	29,426			311

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
312	*	OTHER EQUIPMENT - Continued.								312
313		Lease Rentals - (Credit)	N/A	N/A		N/A				
314	*	Joint Facility Rent - Debit	N/A	N/A	24	N/A	24		24	313
315	*	Joint Facility Rent - (Credit)	N/A	N/A	(26)	N/A	(26)		(26)	314
316	*	Other Rents - Debit	N/A	N/A	47,304	N/A	47,304		47,304	315
317	*	Other Rents - (Credit)	N/A	N/A	(18,133)	N/A	(18,133)		(18,133)	316
318	*	Depreciation	N/A	N/A	N/A	75,027	75,027		75,027	317
319		Joint Facility - Debit	N/A	N/A	88	N/A	88		88	318
320	*	Joint Facility - (Credit)	N/A	N/A	(59)	N/A	(59)		(59)	319
321		Repairs Billed to Others - (Credit)	N/A	N/A	(4,323)	N/A	(4,323)		(4,323)	320
322		Dismantling Retired Property								321
323		Other								322
324		TOTAL OTHER EQUIPMENT	1,473	5,412	146,807	81,450	235,142		235,142	323
		TOTAL EQUIPMENT	126,379	176,124	576,972	343,808	1,223,283		1,223,283	324
		TRANSPORTATION:								
		TRAIN OPERATIONS:								
401		Administration	6,884	3,869	9,200	6,478	26,431		26,431	401
402		Engine Crews	291,841	56	15,079	10,890	317,866		317,866	402
403		Train Crews	252,022	1,520	12,498	11,914	277,954		277,954	403
404		Dispatching Trains	32,460	24		35	32,519		32,519	404
405		Operating Signals and Interlockers	22,859	293	16	301	23,469		23,469	405
406		Operating Drawbridges	4,564			10	4,574		4,574	406
407		Highway Crossing Protection	89	35	4,572	1	4,697		4,697	407
408		Train Inspection and Lubrication	53,624	161			53,785		53,785	408
409	*	Locomotive Fuel		411,535	20		411,555		411,555	409
410		Electric Power Purchased or Produced for Motive Power								410
411		Servicing Locomotives	16,857	7,966	4,532		29,355		29,355	411
412		Freight Lost or Damaged - Solely Related		N/A	N/A					412
413		Clearing Wrecks	213	47	12,828		13,088		13,088	413
414		Fringe Benefits		N/A	N/A	219,493	219,493		219,493	414
415		Other Casualties and Insurance	N/A	N/A	N/A	54,848	54,848		54,848	415
416		Joint Facility - Debit	N/A	N/A	1,566	N/A	1,566		1,566	416
417		Joint Facility - (Credit)	N/A	N/A	(563)	N/A	(563)		(563)	417
418		Other	997	1	66,604	8	67,610		67,610	418
419		TOTAL TRAIN OPERATIONS	682,410	425,507	126,352	303,978	1,538,247		1,538,247	419

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		YARD OPERATIONS:								
420		Administration	653	339	1,366	781	3,139		3,139	420
421		Switch Crews	180,026	627	14,552	456	195,661		195,661	421
422		Controlling Operations	29,699	2	2	2	29,705		29,705	422
423		Yard and Terminal Clerical	15,766	4,639	5,010	465	25,880		25,880	423
424		Operating Switches, Signals, Retarders and Humps		656	41		697		697	424
425	*	Locomotive Fuel		37,475			37,475		37,475	425
426		Electric Power Purchased or Produced for Motive Power								426
427		Servicing Locomotives	670				670		670	427
428		Freight Lost or Damaged - Soley Related	N/A	N/A	N/A					428
429		Clearing Wrecks	40		8		48		48	429
430		Fringe Benefits		N/A	N/A	74,906	74,906		74,906	430
431		Other Casualties and Insurance		N/A	N/A	18,873	18,873		18,873	431
432		Joint Facility - Debit	N/A	N/A	7,783	N/A	7,783		7,783	432
433		Joint Facility - (Credit)	N/A	N/A	(1,622)	N/A	(1,622)		(1,622)	433
434		Other			31	1	32		32	434
435		TOTAL YARD OPERATIONS	226,854	43,738	27,171	95,484	393,247		393,247	435
		TRAIN AND YARD OPERATIONS COMMON:								
501		Cleaning Car Interiors	439	9	1,191	N/A	1,639		1,639	501
502		Adjusting and Transferring Loads	90	7	367	N/A	464	N/A	464	502
503		Car Loading Devices and Grain Doors	1			N/A	1	N/A	1	503
504		Freight Lost or Damaged - All Other		N/A	N/A	23,854	23,854		23,854	504
505		Fringe Benefits		N/A	N/A	155	155		155	505
506		TOTAL TRAIN AND YARD OPERATIONS COMMON	530	16	1,558	24,009	26,113		26,113	506
		SPECIALIZED SERVICES OPERATIONS:								
507	*	Administration	22,896	1,406	7,104	2,058	33,464	N/A	33,464	507
508	*	Pickup and Delivery and Marine Line Haul	5,455		140,360	156	145,971	N/A	145,971	508
509	*	Loading and Unloading and Local Marne	5,934	3,332	233,987	37	243,290	N/A	243,290	509
510	*	Protective Services	3	(11)	557		549	N/A	549	510
511	*	Freight Lost or Damaged - Soley Related	N/A	N/A	N/A			N/A		511
512	*	Fringe Benefits	N/A	N/A	N/A	5,062	5,062	N/A	5,062	512
513	*	Casualties and Insurance	N/A	N/A	N/A	2,750	2,750	N/A	2,750	513
514	*	Joint Facility - Debit	N/A	N/A	1,027	N/A	1,027	N/A	1,027	514
515	*	Joint Facility - (Credit)	N/A	N/A	(475)	N/A	(475)	N/A	(475)	515
516	*	Other						N/A		516
517	*	TOTAL SPECIALIZED SERVICES OPERATIONS	34,288	4,727	382,560	10,063	431,638	N/A	431,638	517

410. RAILWAY OPERATING EXPENSES - Continued
(Dollars in Thousands)

Line No	Cross Check	Name of railway operating expense account (a)	FREIGHT					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
ADMINISTRATIVE SUPPORT OPERATIONS:										
518		Administration	19	142	199	802	1,162			1,162 518
519		Employees Performing Clerical and Accounting Functions	28,379	561	1,477	95	30,512			30,512 519
520		Communications Systems Operation	3,337			20	3,357			3,357 520
521		Loss and Damage Claims Processing	81	33	3,085	55	3,254			3,254 521
522		Fringe Benefits	N/A	N/A	N/A	13,873	13,873			13,873 522
523		Casualties and Insurance	N/A	N/A	N/A	2,996	2,996			2,996 523
524		Joint Facility - Debit	N/A	N/A	22	N/A	22			22 524
525		Joint Facility - (Credit)	N/A	N/A		N/A				
526		Other								
527		TOTAL ADMINISTRATIVE SUPPORT OPERATIONS	31,816	736	4,783	17,841	55,176			55,176 527
528		TOTAL TRANSPORTATION	975,898	474,724	542,424	451,375	2,444,421			2,444,421 528
GENERAL AND ADMINISTRATIVE:										
601		Officers - General Administration		1,258	1,481	881	3,620			3,620 601
602		Accounting, Auditing and Finance	4,714	2,417	8,644	862	16,637			16,637 602
603		Management Services and Data Processing	691	446	27,376	1,137	29,650			29,650 603
604		Marketing	374	268	17,392	4,020	22,054			22,054 604
605		Sales		66	109	260	435			435 605
606		Industrial Development	113	153	108	185	559		N/A	559 606
607		Personnel and Labor Relations	1,704	432	7,298	4,669	14,103			14,103 607
608		Legal and Secretarial		419	34,000	6,856	41,275			41,275 608
609		Public Relations and Advertising		324	1,898	760	2,982			2,982 609
610		Research and Development								
611		Fringe Benefits		N/A	N/A	6,332	6,332			6,332 611
612		Casualties and Insurance	N/A	N/A	N/A	(3,146)	(3,146)			(3,146) 612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A	1,546	1,546			1,546 613
614		Property Taxes	N/A	N/A	N/A	84,551	84,551			84,551 614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	32,424	32,424			32,424 615
616		Joint Facility - Debit	N/A	N/A	1,016	N/A	1,016			1,016 616
617		Joint Facility - (Credit)	N/A	N/A	(217)	N/A	(217)			(217) 617
618		Other	4,666	464	585,247	113,666	704,043			704,043 618
619		TOTAL GENERAL AND ADMINISTRATIVE	12,262	6,247	684,352	255,003	957,864			957,864 619
620	*	TOTAL CARRIER OPERATING EXPENSES	1,267,639	731,433	2,261,883	1,553,339	5,814,294			5,814,294 620

412. WAY AND STRUCTURES

(Dollars in Thousands)

1. Report freight expenses only.
2. The total depreciation expense reported in column (b), line 29, should balance to the sum of the depreciation expense reported in Schedule 410, column (f), lines 136, 137, and 138.
3. Report in column (c) the lease/rentals for the various property categories of Way and Structures. The total net lease/rental reported in column (c), line 29, should balance to the net amount reported in Schedule 410, column (f), lines 118 through 123, plus lines 130 through 135. If an entire road or segment of track is leased and if the actual breakdown of lease/rentals by property categories is not known, apportion the lease/rentals based on the percentage of the categories' depreciation bases to the depreciation bases for all categories of depreciable leased property. Use Schedule 352B of this report for obtaining the depreciation bases of the categories of leased property.
4. Amortization adjustment of each road property type which is included in column (b) shall be repeated in column (d) as a debit or credit to the appropriate line item; the net adjustment on line 29 shall equal the adjustment reported on line 29 of Schedule 335.
5. Report on line 28 all other lease rentals not apportioned to any category listed on lines 1-27.
6. Line 11, Account 16, should not include computer and data processing equipment reported on line 37 of Schedule 415.

Line No.	Cross Check	Property Account	Category (a)	Depreciation (b)	Lease/Rentals (net) (c)	Amortization adjustment during year (d)	Line No.
1		2	Land for transportation purpose	N/A	N/A		1
2		3	Grading	8,203	7,311	(179)	2
3		4	Other, right-of-way expenditures	149	133	(6)	3
4		5	Tunnels and subways	1,427	1,272	16	4
5		6	Bridges, trestles, and culverts	13,685	12,197	(216)	5
6		7	Elevated structures	2,461	2,193	(134)	6
7		8	Ties	116,334	103,682	(560)	7
8		9	Rail and other track material	96,351	85,872	701	8
9		11	Ballast	31,279	27,877	57	9
10		13	Fences, snow sheds, and signs	109	97	(3)	10
11		16	Station and office buildings	13,417	11,958	(521)	11
12		17	Roadway buildings	1,570	1,399	(45)	12
13		18	Water stations	5	4	-	13
14		19	Fuel stations	1,540	1,373	(22)	14
15		20	Shops and enginehouses	6,193	5,519	(35)	15
16		22	Storage warehouses	106	95	(1)	16
17		23	Wharves and docks	-	-	-	17
18		24	Coal and ore wharves	4,723	4,209	(1)	18
19		25	TOFC/COFC terminals	14,659	13,065	(65)	19
20		26	Communications systems	15,720	14,010	(293)	20
21		27	Signals and interlocker	22,551	20,098	(125)	21
22		29	Power plants	108	96	(7)	22
23		31	Power-transmissions systems	788	702	(19)	23
24		35	Miscellaneous structures	484	432	(20)	24
25		37	Roadway machines	11,946	10,647	(344)	25
26		39	Public improvements-Construction	9,855	8,783	(101)	26
27		45	Power plant machines	445	397	(9)	27
28			Other lease/rentals				28
29	*		Total	374,108	333,421	(1,932)	29

414. RENTS FOR INTERCHANGED FREIGHT TRAIN CARS AND OTHER FREIGHT-CARRYING EQUIPMENT (Dollars in Thousands)

1. Report freight expenses only.
2. Report in this supporting schedule rental information by car type and other freight-carrying equipment relating to the interchange of railroad, owned or leased equipment and privately owned equipment. (Reporting for leased equipment covers equipment with the carrier's own railroad markings.)
3. The gross amounts receivable and payable for freight-train cars (line 19, columns (b) through (d), and line 19, columns (e) through (g), respectively) should balance with Schedule 410, column (f), lines 231 (credits) and 230 (debits). Trailer and container rentals in this schedule are included in Schedule 410, column (f), lines 315 and 316. However, the trailer and container rentals in this schedule will not balance to lines 315 and 316 of Schedule 410 because those lines include rents for "Other Equipment" which is reported in Schedule 415, column (e). The balancing of Schedule 410, 414 and 415 "Other Equipment" is outlined in note 6 to Schedule 415.
4. Report in columns (b) and (e) rentals for private-line cars (whether under railroad control or not) and shipper-owned cars.
5. Report in columns (c), (d), (f), and (g) rentals for railroad owned cars prescribed by the Board in Ex Parte No. 334, for which rentals are settled on a combination mileage and time basis (basic per diem). Include railroad owned per diem tank cars on line 17.

NOTE Mechanical designations for each car type are shown in Schedule 710.

Line No.	Cross Check	Type of Equipment (a)	GROSS AMOUNTS RECEIVABLE Per diem basis			GROSS AMOUNTS PAYABLE Per diem basis			Line No
			Private line cars (b)	Mileage (c)	Time (d)	Private line cars (e)	Mileage (f)	Time (g)	
1		CAR TYPES							1
2		Box-Plain 40 Foot							
2		Box-Plain 50 Foot and Longer		221	663	13,755	3,109	14,519	2
3		Box-Equipped		9,443	42,597	122	17,397	62,605	3
4		Gondola-Plain		1,170	3,759	451	967	2,844	4
5		Gondola-Equipped		4,877	23,466	30	4,099	15,322	5
6		Hopper-Covered		1,220	8,984	11,839	6,503	25,273	6
7		Hopper-Open Top-General Service		1,066	6,273	4	498	1,978	7
8		Hopper-Open Top-Special Service		126	1,169	2	166	1,009	8
9		Refrigerator-Mechanical				6	1,042	3,016	9
10		Refrigerator-Non-Mechanical		176	516	10	1,720	5,047	10
11		Flat-TOFC/COFC		70	4,540	53,974	5,758	21,207	11
12		Flat-Multi-Level		2,571	40,955	56,612	2,900	28,172	12
13		Flat-General Service		99	374	176	66	203	13
14		Flat-Other		481	3,048	12,401	4,025	15,034	14
15		Tank-Under 22,000 Gallons				19,267			15
16		Tank-22,000 Gallons and Over				18,088			16
17		All Other Freight Cars		289	1,833	1	77	668	17
18		Auto Racks			49,859			40,294	18
19		TOTAL FREIGHT TRAIN CARS		21,809	188,036	186,738	48,327	237,191	19
		OTHER FREIGHT CARRYING EQUIPMENT							
20		Refrigerated Trailers							20
21		Other Trailers			7,169	18,902		6,923	21
22		Refrigerated Containers							22
23		Other Containers			10,964	15,598		5,713	23
24	*	TOTAL TRAILERS AND CONTAINERS			18,133	34,500		12,636	24
25		GRAND TOTAL (LINES 19 AND 24)		21,809	206,169	221,238	48,327	249,827	25

NOTES AND REMARKS

GENERAL INSTRUCTIONS CONCERNING RETURNS TO BE MADE TO SCHEDULE 415

1. Report freight expenses only.
2. Report by type of equipment all natural expenses relating to equipment functions (salaries and wages, materials, tools, supplies, fuels and lubricants, purchased services, and general).
3. Report in column (b) net repair expense, excluding the cost to repair damaged equipment.

Schedule 415, column (b) will balance to Schedule 410, column (f) as follows:

- (a) Locomotives, line 5 plus line 38, compared to the sum of Schedule 410, lines 202, 203, and 216 (excluding wreck repairs). Do not report in Schedule 415, Equipment Damaged from Schedule 410, line 204.
- (b) Freight cars, line 24 plus line 39, compared to the sum of Schedule 410, lines 221, 222, and 235 (excluding wreck repairs). Do not report in Schedule 415, Equipment Damaged from Schedule 410, line 223.
- (c) Sum of highway equipment (line 32), floating equipment (line 35), passenger and other revenue equipment (line 36), computer and data processing equipment (line 37), machinery-other equipment (line 40), and work and other non-revenue equipment (line 41), compared to Schedule 410, the sum of lines 302 through 307, plus line 320 (excluding wreck repairs). Do not report in Schedule 415, equipment damaged from Schedule 410, line 308.

Note: Lines 216, 235, and 320 of Schedule 410 are credit amounts.

The allocation of freight car repair expenses reportable on Schedule 415 by car types shall be in accordance with Instruction 2-21, Freight train repair costing, 49 CFR 1201.

4. Depreciation expense for each class of equipment by car type shall be reported in columns (c) and (d). For improvements on leased property, Accounts 732 and 733, use a supplementary Schedule 415, which will relate to Schedules 340 and 342.

Depreciation charges reported in columns (c) and (d) will balance to Schedule 410, column (f) as follows:

- (a) Locomotives, lines 5 and 38, compared to Schedule 410, line 213.
- (b) Freight cars, lines 24 and 39, compared to Schedule 410, line 232.
- (c) Sum of highway equipment (line 32), floating equipment (line 35), passenger and other revenue equipment (line 36), computer and data processing equipment (line 37), machinery-other equipment (line 40), and work and other non-revenue equipment (line 41), compared to Schedule 410, line 317.

5. Amortization adjustment of each equipment type which is included in column (c) shall be reported in column (e) as a debit or credit to the appropriate line item. The net adjustment on line 43 shall equal the equipment amortization adjustment applicable to equipment used in freight service included in line 39, column (c), of Schedule 335.

6. Lease/rentals reported in column (f) should balance to column (f) of Schedule 410 as follows:

- (a) Locomotives, lines 5 and 38, compared to Schedule 410, lines 207, 208, 211, and 212.
- (b) Freight cars, lines 24 and 39, compared to Schedule 410, lines 226 and 227 (note that Schedule 410, lines 230 and 231, are reported in Schedule 415, and are not included in Schedule 415).
- (c) Sum of lease/rentals for all other equipment, lines 32, 35, 36, 37, 40, and 41, will balance to Schedule 410, lines 311, 312, 315, and 316, except for the interchange rental on trailers and containers which is reported in Schedule 414. Therefore, both Schedules 414 and 415 should be used when balancing lease/rentals other equipment to Schedule 410. Do not report in Schedule 415, the trailer and container rentals reported in Schedule 414.

7. Investment base by types of equipment shall be reported in columns (g) and (h) and should not include the cost of equipment used but not owned when rents therefore are included in the rent for equipment and Account Nos. 31-21-00, 31-22-00, 31-23-00, 35-21-00, 35-22-00, and 35-23-00. It should include the cost of equipment owned and leased to others when the rents are included in the rent for Equipment Account Nos. 32-21-00, 32-22-00, 32-23-00, 36-21-00, 36-22-00, and 36-23-00.

Property used but not owned should also be included when the rent is included in Account Nos. 31-12-00, 31-13-00, 31-21-00, 31-22-00, and 31-23-00, inclusive.

The grand total of each equipment account in column (h) of Schedule 330 should equal the totals of line items constituting the equipment account totals of columns (g) and (h) of Schedule 415.

8. Accumulated depreciation for each class of equipment shall be reported in columns (i) and (j). The grand total of each equipment reserve account in column (g), Schedule 335, shall equal the combined aggregate total accumulated depreciation for line items constituting the corresponding equipment accounts reported in columns (i) and (j), on Schedule 415.

415. SUPPORTING SCHEDULE – EQUIPMENT

(Dollars in Thousands)

See also schedule 415 (supplement) on pages 57A and B.

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned (c)	Capitalized lease (d)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard	12,844	4,242	17	(28)	1
2		Diesel Locomotive - Road	166,834	97,529	1,151	(2,624)	2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL	179,678	101,771	1,168	(2,652)	5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer	235	37		(13)	7
8		Box - Equipped	26,282	10,499		(5,554)	8
9		Gondola - Plain	16,288	29,121		11,646	9
10		Gondola - Equipped	14,241	472		(7,414)	10
11		Hopper - Covered	12,349	3,022		(2,560)	11
12		Hopper - Open Top - General Service	10,255	12,887	7	117	12
13		Hopper - Open Top - Special Service	2,804	3,522		59	13
14		Refrigerator - Mechanical	(8)				14
15		Refrigerator - Nonmechanical	373	203		1	15
16		Flat TOFC/COFC	790	255		48	16
17		Flat Multi - level	2,232	(440)		(2,151)	17
18		Flat - General Service	126	82		(2)	18
19		Flat - Other	2,040	2,089		479	19
20		All Other Freight Cars	3,049	2,369		651	20
21		Cabooses	79	168		(2)	21
22		Auto Racks	1,172	14,461	32	(108)	22
23		Miscellaneous Accessories (see note 4)		2,650			23
24	*	TOTAL FREIGHT TRAIN CARS	92,307	81,397	39	(4,803)	24
		OTHER EQUIPMENT - REVENUE					
25		Freight Highway Equipment					
25		Refrigerated Trailers		5			25
26		Other Trailers	12,924	8,835		233	26
27		Refrigerated Containers					27
28		Other Containers	7,329		607		28
29		Bogies					29
30		Chassis	21,275	34			30
31		Other Highway Equipment (Freight)					31
32	*	TOTAL HIGHWAY EQUIPMENT	41,528	8,874	607	233	32
		FLOATING EQUIPMENT - REVENUE SERVICE					
33		Marine Line - Haul	1				33
34		Local Marine					34
35	*	TOTAL FLOATING EQUIPMENT	1				35
		OTHER EQUIPMENT					
36	*	Passenger & Other Revenue Equipment (Freight Portion)					36
37	*	Computer systems & word processing equip.	31,659	47,610	251		37
38	*	Machinery - Locomotives (see note 1)	5,210	748			38
39	*	Machinery - Freight Cars (see note 2)	3,892	820			39
40	*	Machinery - Other Equipment (see note 3)	359	1,100			40
41	*	Work & Other Non - revenue Equipment	20,850	16,585		(637)	41
42		TOTAL OTHER EQUIPMENT	61,970	66,863	251	(637)	42
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)	375,484	258,905	2,065	(7,859)	43

Note 1 Data to be reported on line 38, column (b) is the amount reported in Schedule 410, column (f), line 203, reduced by the allocable portion of line 216.

Note 2 Data to be reported on line 39, column (b) is the amount reported in Schedule 410, column (f), line 222, reduced by the allocable portion of line 235.

Note 3 Data to be reported on line 40 in column (b) is the amount reported in Schedule 410, column (f), lines 302 through 306, reduced by the allocable portion of line 320.

Note 4 End of train devices and miscellaneous spare parts previously reported in lines 20 and 22, respectively

415. SUPPORTING SCHEDULE -- EQUIPMENT

(Dollars in Thousands)

See also schedule 415 (supplement) on pages 57A and B.

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned (g)	Capitalized lease (h)	Owned (i)	Capitalized lease (j)	
1		1,700	76,292	2,107	49,069	17	1
2		49,361	2,902,863	130,065	888,983	1,151	2
3							3
4							4
5		51,061	2,979,155	132,172	938,052	1,168	5
6							6
7			1,811		26,130		7
8		13,905	586,543	66	253,659		8
9		7,117	489,014		180,819		9
10		24,804	357,416	80	125,542		10
11		9,678	256,935		135,390		11
12		9,217	402,181	955	148,596	7	12
13		650	125,719		34,789		13
14							14
15		403	6,260		1,913		15
16		(2,125)	8,025		5,378		16
17		11,007	47,654		31,480		17
18		16	3,754		2,178		18
19			67,570		22,465		19
20			57,478		9,874		20
21			5,645		3,266		21
22		5,735	297,052	2,369	86,463	32	22
23		89	20,456		11,993		23
24		80,496	2,733,513	3,470	1,079,935	39	24
25			252		5		25
26		25,560	148,720		95,219		26
27							27
28		260		1,366		1,214	28
29							29
30			479		448		30
31							31
32		25,820	149,451	1,366	95,672	1,214	32
33							33
34							34
35							35
36							36
37		(2)	292,481	1,506	185,070	535	37
38		536	25,743		8,292		38
39			28,221		9,090		39
40			37,859		12,195		40
41		3,776	299,930		110,728		41
42		4,310	684,234	1,506	325,375	535	42
43		161,687	6,546,353	138,514	2,439,034	2,956	43

Note 1 Data reported on lines 38, 39 and 40 in columns (g) and (h) are the investment recorded in property account 44, allocated to locomotives, freight cars and other equipment.

Note 2 Depreciation reported on lines 38, 39 and 40 in column (c) is calculated by multiplying the investment in each element by the effective composite rate for property account 44, and then adding or subtracting the adjustment reported in column (e). This calculation should equal the amount shown in column (c), Schedule 335.

415. SUPPORTING SCHEDULE – IMPROVEMENTS TO EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

Line No.	Cross Check	Types of equipment (a)	Repairs (net expense) (b)	Depreciation		Amortization Adjustment net during year (e)	Line No.
				Owned** (c)	Capitalized lease (d)		
		LOCOMOTIVES					
1		Diesel Locomotive - Yard					1
2		Diesel Locomotive - Road		178			2
3		Other Locomotive - Yard					3
4		Other Locomotive - Road					4
5	*	TOTAL		178			5
		FREIGHT TRAIN CARS					
6		Box - Plain 40 Foot					6
7		Box - Plain 50 Foot and Longer					7
8		Box - Equipped					8
9		Gondola - Plain					9
10		Gondola - Equipped		110			10
11		Hopper - Covered					11
12		Hopper - Open Top - General Service					12
13		Hopper - Open Top - Special Service					13
14		Refrigerator - Mechanical					14
15		Refrigerator - Nonmechanical					15
16		Flat TOFC/COFC					16
17		Flat Multi - level					17
18		Flat - General Service					18
19		Flat - Other					19
20		All Other Freight Cars					20
21		Cabooses					21
22		Auto Racks		241			22
23		Miscellaneous Accessones (see note 4)					23
24	*	TOTAL FREIGHT TRAIN CARS		351			24
		OTHER EQUIPMENT - REVENUE					
25		FREIGHT HIGHWAY EQUIPMENT					
26		Refrigerated Trailers					25
27		Other Trailers					26
28		Refrigerated Containers					27
29		Other Containers					28
30		Bogies					29
31		Chassis					30
32	*	Other Highway Equipment (Freight)					31
33		TOTAL HIGHWAY EQUIPMENT					32
		FLOATING EQUIPMENT - REVENUE SERVICE					
34		Marine Line - Haul					33
35	*	Local Marine					34
36	*	TOTAL FLOATING EQUIPMENT					35
		OTHER EQUIPMENT					
37	*	Passenger & Other Revenue Equipment (Freight Portion)					36
38	*	Computer systems & word processing equip.					37
39	*	Machinery - Locomotives (see note 1)					38
40	*	Machinery - Freight Cars (see note 2)					39
41	*	Machinery - Other Equipment (see note 3)					40
42	*	Work & Other Non - revenue Equipment					41
43		TOTAL ALL EQUIPMENT (FREIGHT PORTION)		529			42

Note 1 Data to be reported on line 38, column (b) is the amount reported in Schedule 410, column (f), line 203, reduced by the allocable portion of line 218

Note 2 Data to be reported on line 39, column (b) is the amount reported in Schedule 410, column (f), line 222, reduced by the allocable portion of line 235.

Note 3 Data to be reported on line 40 in column (b) is the amount reported in Schedule 410, column (f), lines 302 through 306, reduced by the allocable portion of line 320.

Note 4 End of train devices and miscellaneous spare parts previously reported in lines 20 and 22, respectively

** "Owned" refers only to ownership of the leasehold improvement.

** SUPPLEMENT **

415. SUPPORTING SCHEDULE -- IMPROVEMENTS TO EQUIPMENT LEASED FROM OTHERS
(Dollars in Thousands)

Line No.	Cross Check	Lease and rentals (net) (f)	Investment base as of 12/31		Accumulated depreciation as of 12/31		Line No.
			Owned** (g)	Capitalized lease (h)	Owned** (i)	Capitalized lease (j)	
1							1
2		3,030	765		375		2
3							3
4							4
5		3,030	765		375		5
6							6
7							7
8		6	2		1		8
9							9
10		105	472		370		10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22		491	856		734		22
23							23
24		602	1,330		1,105		24
25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32
33							33
34							34
35							35
36							36
37							37
38							38
39							39
40							40
41							41
42							42
43		3,632	2,095		1,480		43

Note 1 Data reported on lines 38, 39 and 40 in columns (g) and (h) are the investment recorded in property account 44, allocated to locomotives, freight cars and other equipment

Note 2 Depreciation reported on lines 38, 39 and 40 in column (c) is calculated by multiplying the investment in each element by the effective composite rate for property account 44, and then adding or subtracting the adjustment reported in column (e). This calculation should equal the amount shown in column (c), Schedule 335

** "Owned" refers only to ownership of the leasehold improvement

416. SUPPORTING SCHEDULE -- ROAD
(Dollars in Thousands)

Line No.	Density category (Class) (a)	Account No. (b)	Owned and used			Improvements to leased property			Capitalized leases			TOTAL		Line No.
			Inv Base (c)	Accum depr. (d)	Depr. rate % (e)	Inv. Base (f)	Accum. depr (g)	Depr. rate % (h)	Inv. base (i)	Current year Amort. (j)	Accum. Amort. (k)	Inv. Base (l)	Accum Depr. & Amort. (m)	
1	I	3	718,620	71,153	1.05%							718,620	71,153	1
2		8	1,232,789	310,494	3.13%							1,232,789	310,494	2
3		9	1,933,302	386,775	2.50%							1,933,302	386,775	3
4		11	661,072	88,076	2.50%							661,072	88,076	4
5	SUB-TOTAL		4,545,783	856,498								4,545,783	856,498	5
6	II	3	677,794	67,117	1.05%							677,794	67,117	6
7		8	1,352,441	340,635	3.13%							1,352,441	340,635	7
8		9	2,038,014	407,663	2.28%							2,038,014	407,663	8
9		11	688,651	91,755	2.50%							688,651	91,755	9
10	SUB-TOTAL		4,756,900	907,170								4,756,900	907,170	10
11	III	3	20,530	N/A	N/A		N/A	N/A		N/A	N/A	20,530		11
12		8	38,771	N/A	N/A		N/A	N/A		N/A	N/A	38,771		12
13		9	37,627	N/A	N/A		N/A	N/A		N/A	N/A	37,627		13
14		11	13,344	N/A	N/A		N/A	N/A		N/A	N/A	13,344		14
15	SUB-TOTAL		110,272				N/A	N/A		N/A	N/A	110,272		15
16	IV	3	423,281	41,910	1.05%							423,281	41,910	16
17		8	606,267	152,635	3.13%							606,267	152,635	17
18		9	1,024,796	204,980	1.91%							1,024,796	204,980	18
19		11	354,984	47,285	2.50%							354,984	47,285	19
20	SUB-TOTAL		2,409,328	446,810								2,409,328	446,810	20
21	V	3												21
22		8												22
23		9												23
24		11												24
25	SUB-TOTAL													25
26	GRAND TOTAL		11,822,283	2,210,478	N/A							11,822,283	2,210,478	26

(1) Columns (c) + (f) + (i) = Column (l)

Columns (d) + (g) + (k) = Column (m)

(2) The base grand total for owned and used, improvements to leased property, and capitalized leases should equal the sum of Accounts 3, 8, 9, and 11 shown at year end on Schedule 330.

NOTES AND REMARKS

417. SPECIALIZED SERVICE SUBSCHEDULE — TRANSPORTATION (Dollars in Thousands)

1. Report freight expenses only.
2. Report in Lines 1, 2, 3, 4, and 10 the total of those natural expenses (salaries and wages, material, tools, supplies, fuels and lubricants, purchased services, and general) incurred in the operation of each type of specialized service facility. This schedule does not include switching services performed by train and yard crews in connection with or within specialized service facilities.
3. When it is necessary to apportion expenses to two or more services, they shall be apportioned on the most equitable basis available to the respondent and only to the services they support. The total expenses in column (j) should balance with the respective line items in Schedule 410, Railway Operating Expenses.
4. Report in column (b), line 2, the expenses incurred in highway movements of trailers and containers performed at the expense of the reporting railroad within a terminal area for the purpose of pick-up, delivery or highway interchange service. Report in column (b), line 3, the expenses incurred in operating facilities for handling trailers and/or containers, including storage expenses. See Schedule 755, note R.
5. The operation of floating equipment in line-haul service (between distinct terminals) should be reported in column (c) on line 2. Floating operations conducted within a general terminal or harbor area should be reported in column (c), line 3.
6. Report in column (g), line 3, the expenses incurred by the railroad in loading and unloading automobiles, trucks, etc., to and from bi-level and tri-level auto rack cars. Report on line 2, column (g), the expense incurred by the railroad in moving automobiles, etc., between bi-level and tri-level loading and unloading facilities over the highway to shippers, receivers or connecting carriers. Report in column (f) operating expenses for land facilities in support of floating operations, including the operation of docks and wharves.
7. Report on line 4, column (b), the expenses related to heating and refrigeration of TOFC/COFC trailers and containers (total debits and credits). The expenses on line 4, column (h), relate to refrigerator cars only.
8. Report in column (i) total expenses incurred in performing rail substitute service, other highway revenue service, LCL terminal operations, warehouse operations, freight car transloading, grain elevator terminal operations and livestock feeding operations only.

Line No.	Cross Check	Items (a)	TOFC/COFC terminal (b)	Floating equipment (c)	Coal marine terminal (d)	Ore marine terminal (e)	Other marine terminal (f)	Motor vehicle load and distribution (g)	Protective services refrigerator car (h)	Other special services (i)	Total columns (b-i) (j)	Line No.
1	*	Administration	32,424		1,023			17			33,464	1
2	*	Pick up and delivery, marine line haul	144,749		1,173			49			145,971	2
3	*	Loading and unloading and local marine	167,020		10,256			66,014			243,290	3
4	*	Protective services, total debit and credits							549		549	4
5	*	Freight lost or damaged—solely related										5
6	*	Fringe benefits	4,139		923						5,062	6
7	*	Casualty and insurance	2,746		4						2,750	7
8	*	Joint facility — Debit	1,027								1,027	8
9	*	Joint facility — Credit	(475)								(475)	9
10	*	Other									0	10
11	*	TOTAL	351,630	0	13,379	0	0	66,080	549	0	431,638	11

418. SUPPORTING SCHEDULE--CAPITAL LEASES

(Dollars in thousands)

Instructions:

This schedule will show the investment in capitalized leases in road and equipment by primary account

Column

- (a) = primary account number and title for which capital lease amounts are included therein.
- (b) = the total investment in that primary account
- (c) = the investment in capital leases at the end of the year
- (d) = the current year amortization.
- (e) = the accumulated amortization relating to the leased properties.

[illegible]

NOTES AND REMARKS

450. ANALYSIS OF TAXES
(Dollars in Thousands)

A. Railway Taxes

Line No.	Cross Check	Kind of tax	Amount	Line No.
1		Other than U.S. Government Taxes	165,810	1
		U. S. Government Taxes		
		Income Taxes		
2		Normal Tax and Surtax	147,137	2
3		Excess Profits		3
4	*	Total - Income Taxes L 2 + 3	147,137	4
5		Railroad Retirement	300,220	5
6		Hospital Insurance	25,638	6
7		Supplemental Annuities		7
8		Unemployment Insurance	14,982	8
9		All Other United States Taxes		9
10		Total - U. S. Government Taxes	487,977	10
11		Total - Railway Taxes	653,787	11

B. Adjustments to Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption Other (Specify), including State and other taxes deferred if computed separately. Minor items, each less than \$100,000, may be combined in a single entry under Other (Specify).
2. Indicate in column (b) the beginning of the year total of Accounts 714, 744, 762 and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net change in Accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to Account 557, Provision for Deferred Taxes, and Account 591, Provision for Deferred Taxes - Extraordinary Items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of Accounts 714, 744, 762 and 786.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated Depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21.	3,344,440	228,949	3,176,005	6,749,394	1
2	Accelerated Amortization of Facilities, Sec. 168 I.R.C.	2,933	(1,339)	(18,573)	(16,979)	2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.	23,983	(7,587)	(105,248)	(88,852)	3
4	Amortization of rights of way, Sec. 185 I. R. C	37,321	3,124	43,337	83,782	4
5	Other (Specify) -- Tax Benefit Transfer Leases	24,634	(179)		24,455	5
6	Reserves, including casualty & other claims	(193,704)	12,955		(180,749)	6
7	Employee Benefits	28,721	21,151		49,872	7
8	Retiree Health & Death Benefit Obligations	(155,346)	(23,285)		(178,631)	8
9	Taxes, including State and Property	(229,736)	(26,623)		(256,359)	9
10	Miscellaneous	69,285	(7,065)	12,296	74,516	10
11	Unrealized Holding Gains	171,759	0	93,128	264,887	11
12	Deferred Intercompany Federal Tax Payable, Net	950,338	0	63,633	1,013,971	12
13						13
14						14
15						15
16						16
17						17
18						18
19	TOTALS	4,074,628	200,101	3,264,578	7,539,307	19

Adjustments in column (d) represent adjustments for FAS 87, FAS 115 and deferred intercompany payable

450. ANALYSIS OF TAXES - Continued
(Dollars in Thousands)

*Footnotes:

1. If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit	-0-
If deferral method for investment tax credit was elected:	
(1) Indicate amount of credit utilized as a reduction of tax liability for current year	N/A
(2) Deduct amount of current year's credit applied to reduction of tax liability but deferred for accounting purposes	N/A
(3) Balance of current year's credit used to reduce current year's tax accrual	N/A
(4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual	N/A
(5) Total decrease in current year's tax accrual resulting from use of investment tax credit	N/A
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made	None

460. ITEMS IN SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS FOR THE YEAR

(Dollars in Thousands)

Give a brief description for all items, regardless of amount, included during the year in Accounts 555, Unusual or Infrequent Items; 560, Income or Loss From Operations of Discontinued Segments; 562, Gain or Loss on Disposal of Discontinued Segments; 570, Extraordinary Items; 590, Income Taxes on Extraordinary Items; 592, Cumulative Effect of Changes in Accounting Principles; 603, Appropriations Released; 606, Other Credits to Retained Earnings; 616, Other Debits to Retained Earnings; 620, Appropriations for Sinking and Other Funds; 621, Appropriations for Other Purposes. If appropriations released reflect appropriations provided during the year, each account should not be reported.

For Accounts 519, Miscellaneous Income, and 551, Miscellaneous Income Charges, if the total in either account exceeds 10% of net income before extraordinary items, describe the three largest items in the account and any other items in excess of 10% of net income.

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)	Line No.
1					1
2	519	Growth in cash surrender value of corporate owned life insurance		74,616	2
3					3
4	519	Gain on the disposition of property		34,805	4
5					5
6	519	Proceeds from corporate owned life insurance		12,465	6
7					7
8	551	Discount on sale of receivables	306,768		8
9					9
10	551	Equity in earnings of partnerships and LLC's	52,687		10
11					11
12	551	Charitable contributions	4,049		12
13					13
14	606	Credit to retained earnings (see note 10, page 14)		23,240	14
15					15
16					16
17					17
18					18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30

MEMORANDA RELATING TO SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS

501. GUARANTIES AND SURETYSHIPS

(Dollars in Thousands)

1. If the respondent was under obligation as guarantor or surety for the performance by any other corporation or other association of any agreement or obligation, show the particulars of each contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year.

This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 year after the date of issue. Items of less than \$50,000 may be shown as one total.

Line No.	Names of all parties principally and primarily liable (a)	Description (b)	Amount of contingent liability (c)	Sole or joint contingent liability (d)	Line No.
1					1
2					2
3					3
4					4
5					5
6					6
7	(a) Terminal R.R. Assoc. of St. Louis	Refunding & Improvement Mortgage Series "C" bonds due 7/1/2019 (FD14553-54)	7,787 & int.	Joint and Several	7
8					8
9					9
10					10
11					11
12					12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20	(a) Jointly and Severally with BN, CSX Transp., CN, and UP				20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30
31					31
32					32
33					33
34					34

2. If any corporation or other association was under obligation as guarantor or surety for the performance by the respondent of any agreement or obligation, show the particulars called for hereunder for each such contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year.

This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 years after date of issue, nor does it include ordinary surety bonds or undertakings on appeals in court proceedings.

Line No.	Finance Docket number, title, maturity date and concise description of agreement or obligation (a)	Names of all guarantors and sureties (b)	Amount contingent liability of guarantors (c)	Sole or joint contingent liability (d)	Line No.
1					1
2					2
3					3
4					4
5					5
6					6
7					7
8					8
9					9

502. COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS
(Dollars in Thousands)

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances included in Account 703, Special Deposits, and in Account 717, Other Funds, should also be separately disclosed below.
5. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
6. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

The Company has outstanding letters of credit in the amount of \$15.9 million, with various banks, under which no borrowings were outstanding as of December 31, 2004.

NOTES AND REMARKS

SCHEDULE 510 SEPARATION OF DEBTHOLDINGS BETWEEN ROAD PROPERTY AND EQUIPMENT
(Dollars in Thousands)

The principal use of this schedule is to determine the average embedded rate of debt capital

I. Debt Outstanding at End of Year:

Line No.	Account No.	Title	Source	Balance at Close of Year
1	751	Loans and Notes Payable	Sch 200, L. 30	
2	764	Equipment Obligations and Other Long Term Debt due Within One Year	Sch. 200, L. 39	262,506
3	765/767	Funded Debt Unmatured	Sch. 200, L. 41	479,026
4	766	Equipment Obligations	Sch 200, L. 42	362,053
5	766.5	Capitalized Lease Obligations	Sch 200, L. 43	309,782
6	768	Debt in Default	Sch. 200, L. 44	
7	769	Accounts Payable; Affiliated Companies	Sch. 200, L. 45	874,185
8	770.1/770.2	Unamortized Debt Premium	Sch 200, L. 46	140,587
9		Total Debt	Sum L. 1-8	2,428,139
10		Debt Directly Related to Road Property	Note 1.	31,776
11		Debt Directly Related to Equipment	Note 1	962,248
12		Total Debt Directly Related to Road & Equipment	Sum L. 10 and 11	994,024
13		Percent Directly Related to Road	L. 10 div. by L. 12 Whole % + 2 decimals	3.20%
14		Percent Directly Related to Equipment	L. 11 div. by L. 12 Whole % + 2 decimals	96.80%
15		Debt Not Directly Related to Road or Equipment	L. 9 - L. 12	1,434,115
16		Road Property Debt (Note 2)	(L. 13 x L. 15) + L. 10	77,668
17		Equipment Debt (Note 2)	(L. 14 x L. 15) + L. 11	2,350,471

II. Interest Accrued During the Year:

Line No.	Account No.	Title	Source	Balance at Close of Year
18	546-548	Total Interest and Amortization (Fixed Charges)	Sch. 210, L. 42	152,913
19	546	Contingent Interest on Funded Debt	Sch. 210, L. 44	
20	517	Release of Premiums on Funded Debt	Sch. 210, L. 22	
21		Total Interest (Note 3)	(L. 18 + L. 19) - L. 20	152,913
22		Interest Directly Related to Road Property Debt	Note 4	649
23		Interest Directly Related to Equipment Debt	Note 4	27,704
24		Interest Not Directly Related to Road or Equipment Property Debt	L. 21 - (L. 22 + L. 23)	124,560 *
25		Interest Road Property Debt (Note 5)	L. 22 + (L. 24 x L. 13)	4,635
26		Interest Equipment Debt (Note 5)	L. 23 + (L. 24 x L. 14)	148,278
27		Embedded Rate of Debt Capital - Road Property	L. 25 div by L. 16	5.97%
28		Embedded Rate of Debt Capital - Equipment	L. 26 div. by L. 17	6.31%

Note 1. Directly related means the purpose which the funds were used when the debt was issued.

Note 2. Line 16 plus Line 17 must equal Line 9.

Note 3. Line 21 includes interest on debt in Account 769-Account Payable, Affiliated Companies

Note 4. This interest relates to debt reported in Lines 10 and 11, respectively

Note 5. Line 25 plus Line 26 must equal Line 21.

*Net of capitalized interest \$(10,297). Amount on line 24 primarily represents "Other Interest expense" that does not relate to conventional debt as reported on line 9

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 512

1. Furnish the information called for below between the respondent and the affiliated companies or persons affiliated with the respondent, including officers, directors, stockholders, owners, partners, or their wives and other close relatives, or their agents. Examples of transactions are, but are not restricted to, management, legal, accounting, purchasing, or other types of service including the furnishing of materials, supplies, purchase of equipment, leasing of structures, land and equipment, and agreements relating to allocation of officers' salaries and other common costs between affiliated companies.

To be excluded are payments for the following types of services:

- (a) Lawful tariff charges for transportation services.
- (b) Payments to or from other carriers for interline services and interchange of equipment.
- (c) Payment to or from other carriers which may reasonably be regarded as ordinarily connected with routine operation or maintenance, but any special or unusual transactions should be reported.
- (d) Payments to public utility companies for rates or charges fixed in conformity with government authority.

2. In column (a) enter the name of the affiliated company, person, or agent with which respondent received or provided services aggregating \$50,000 or more during the year. If an affiliated company provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, list all the affiliates included in the agreement and describe the allocation of charges. If the respondent provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, reference to this fact should be made and the detail as to the allocation of charges should be stated. For those affiliates providing services to the respondent, also enter in column (e) the percent of affiliate's gross income derived from transactions with respondent.

The respondent may be required to furnish as an attachment to Schedule 512 a balance sheet and income statement for each affiliate with which respondent carrier had reportable transactions during the year, or alternatively, attach a "Pro Forma" balance sheet and income statement for that portion or entity of each affiliate which furnished the agreed to services, equipment, or other reportable transaction. The statements, if required, should be prepared on a calendar year basis in conformity with the prescribed schedules for the balance sheet and income statement in this Annual Report Form R-1, and should be noted (1) to indicate the method used for depreciating equipment or other property furnished to the carrier, and (2) whether the affiliate's Federal income tax return for the year was filed on a consolidated basis with the respondent carrier.

3. In column (b) indicate the nature of the relationship or control between the respondent and the company or person identified in column (a) as follows:

- (a) If respondent directly controls the affiliate, insert the word "direct."
- (b) If respondent controls through another company, insert the word "indirect."
- (c) If respondent is under common control with affiliate, insert the word "common."
- (d) If respondent is controlled directly or indirectly by the company listed in column (a), insert the word "controlled."

(e) If control is exercised by other means, such as a management contract or other arrangement of whatever kind, insert the word "other" and provide a footnote to describe such arrangements.

4. In column (c), fully describe the transactions involved such as management fees, lease of building, purchase of material, etc. When the affiliate listed in column (e) provides more than one type of service in column (c), list each type of service separately and show the total for the affiliate. When services are both provided and received between respondent and an affiliate they should be listed separately and the amounts shown separately in column (e).

5. In column (d), report the dollar amounts of transactions shown and the effect of any change in the method of establishing the terms from that used in the preceding period.

6. In column (e), report the dollar amounts due from or to related parties and, if not otherwise apparent, the terms and manner of settlement. Insert (P) for paid or (R) for received by the amount in column (e).

SCHEDULE 512. TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED							Line No.
Line No.	Name of company or related party with percent of gross income (a)	%	Nature of relationship (b)	Description of transactions (c)	Dollar amounts of transactions (000's) (d)	Amount due from or to related parties (e)	Line No.
1							1
2	If NS Rail provides rail transportation services to any of these entities, it does so in the normal course of business at applicable tariff or contract rates, both of which are subject to STB jurisdiction and review.						2
3							3
4							4
5	Pennsylvania Lines LLC		Other	(See note 1)			5
6	Conrail Inc. and CRC		Other	(See note 1)			6
7	Norfolk Southern Corporation		Controlled	(See note 2)			7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18

Note 1 - See note 11 to Schedule 200.

Note 2 - See note 10 to Schedule 200.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 700

State particulars of all tracks operated by the respondent at the close of the year, according to the following classifications:

- (1) Line owned by respondent.
- (2) Line owned by proprietary companies.
- (3) Line operated under lease for a specified sum, lessor being (A) an affiliated corporation, or (B) independent or not affiliated with the respondent.
- (4) Line operated under contract or agreement for contingent rent, owner being (A) an affiliated corporation, or (B) independent or not affiliated with the respondent.
- (5) Line operated under trackage rights.

Give subtotals for each of the several numbered classes, in the order listed above, as well as the total for all classes.

Lengths of track should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile or over as a whole mile and disregarding any fraction less than one-half mile.

In Column (a) insert the figure (and letter, if any) indicating its class in accordance with the above list of classifications.

In Column (b) give the various proportions of each class owned or leased by respondent, listing each proportion once in any grouping. Canadian mileage should be segregated and identified on separate lines in the various groupings. For each listing, in Column (d) give its entire length (the distances between terminals of single or first main track), and in the following columns the lengths of second main track, all other main tracks, passing tracks, cross-overs and turn-outs, way switching tracks, and yard switching tracks. These classes of tracks are defined as follows:

RUNNING TRACKS - Running tracks, passing tracks, cross-overs, etc., including turn-outs from those tracks to clearance points.

WAY SWITCHING TRACKS - Station, team, industry, and other switching tracks for which no separate service is maintained.

YARD SWITCHING TRACKS - Yard where separate switching services are maintained, including classification, house, team, industry, and other tracks switched by yard locomotives.

The returns in Columns (h) and (i) should include tracks serving industries, such as mines, mills, smelters, factories, etc. Tracks belonging to an industry for which no rent is payable should not be included.

Tracks leading to and in gravel and sand pits and quarries, the cost of which is chargeable to a clearing account and which are used in getting out material for the respondent's use, should not be included.

Class (1) includes all lines operated by the respondent at the close of the year to which it has title in perpetuity.

Class (2) includes each line, full title to which is in an inactive proprietary corporation of the respondent (i.e., one all of whose outstanding stocks or obligations are held by or for the respondent, and which is operated by the respondent or an affiliated system corporation without any accounting to the said proprietary corporation). It may also include such line when the actual title to all of the outstanding stocks or obligations rests in a corporation controlled by or controlling the respondent. But in the case of any such inclusion, the facts of the relationship to the respondent of the corporation holding the securities should be fully set forth in a footnote. An inactive corporation is one which has been practically absorbed in a controlling corporation, and which neither operates property nor administers its financial affairs. If it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.

Class (3) includes all tracks operated under a lease or formal conveyance of less than the grantor's interest in the property, with a specific and unconditional rent reserved. The fact that the lessor does or does not maintain an independent organization for financial purposes is immaterial in this connection.

Class (4) is the same as Class (3), except that the rent reserved is conditional upon earnings or some other fact.

Class (5) includes all tracks operated and maintained by others, but over which the respondent has the right to operate some or all of its trains. In the road of this class, the respondent has no proprietary rights, but only the rights of a licensee. Include in this class, also, on main tracks, industrial tracks and sidings owned by noncarrier companies and individuals when the respondent operates over them but does not have exclusive possession of them.

Road held by respondent as a joint or common owner or a joint lessee or under any joint arrangement should be shown in its appropriate class and the entry of length should be the entire length of the portion jointly held. The class symbol should have the letter (J) attached.

Road operated by the respondent as an agent for another carrier should not be included in this schedule.

700. MILEAGE OPERATED AT CLOSE OF YEAR										
Line No.	Class	Proportion owned or leased by Respondent	Running tracks, passing tracks, crossovers, etc.				Miles of way switching tracks (g)	Miles of yard switching tracks (h)	TOTAL (i)	Line No.
			Miles of road (c)	Miles of second main track (d)	Miles of all other main tracks (e)	Miles of passing tracks, cross-overs, and turnouts (f)				
1	1	100%	16,379	2,630	169	2,085	2,661	5,887	29,811	1
2	1	50%	7	5		5	15	13	45	2
3	1	33%	3	4		4		5	16	3
4	1J	75%						7	7	4
5	1J	67%						4	4	5
6	1J	50%				1	12	23	36	6
7	1J	33%					3	2	5	7
8										8
9		Total Class 1	16,389	2,639	169	2,095	2,691	5,941	29,924	9
10										10
11										11
12	3	100%	23	9			5		37	12
13	3A	100%						2	2	13
14	3B	100%	337	171	4	34	49	79	674	14
15	3BJ	50%				1		5	6	15
16										16
17		Total Class 3	360	180	4	35	54	86	719	17
18										18
19										19
20	4	100%	6				1	33	40	20
21	4B	100%	6						6	21
22	4BJ	50%	5				1		6	22
23										23
24		Total Class 4	17				2	33	52	24
25										25
26										26
27	5	100%	4,570	1,204	590	382	130	664	7,540	27
28										28
29		Total Class 5	4,570	1,204	590	382	130	664	7,540	29
30										30
31										31
32										32
33										33
34										34
35										35
36										36
37										37
38										38
39										39
40										40
41										41
42										42
43										43
44										44
45										45
46										46
47										47
48										48
49										49
50										50
51										51
52										52
53										53
54										54
55										55
56										56
57		TOTAL	21,336	4,023	763	2,512	2,877	6,724	38,235	57
58		Miles of electrified road or track included in preceding grand total	N/A							58

702. MILES OF ROAD AT CLOSE OF YEAR - BY STATES AND TERRITORIES (SINGLE TRACK)

Give particulars, as of the close of the year, of all road operated and of all owned but not operated. The respondent's portion of operated road held by it as joint or common owner, or under a joint lease, or under any joint arrangement, should be shown in columns (b), (c), (d), or (e), as may be appropriate. The remainder of jointly operated mileage should be shown in column (f). Respondent's proportion of road jointly owned, not operated, should be shown in column (h), as may be appropriate. Mileage which has been permanently abandoned should not be included in column (h). Mileage should be reported to the nearest WHOLE mile adjusted to accord with footings; i.e., counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Cross Check	State or territory (a)	MILES OF ROAD OPERATED BY RESPONDENT								Line No.	
			Line owned (b)	Line of proprietary companies (c)	Line operated under lease (d)	Line operated under contract etc. (e)	Line operated under trackage rights (f)	Total mileage operated (g)	Line owned not operated by respondent (h)	New line constructed during year (i)		
1		Alabama	1,279					92	1,371	21		1
2		Canada						301	301			2
3		Delaware	160					43	203			3
4		District of Columbia						13	13			4
5		Florida	96					53	149			5
6		Georgia	1,834					9	1,843	305		6
7		Illinois	847					413	1,260	63		7
8		Indiana	1,276		2			265	1,543	60		8
9		Iowa	6			1		37	44	41		9
10		Kansas						2	2			10
11		Kentucky	156		212			63	431			11
12		Louisiana	78					4	82			12
13		Maryland	95					174	269			13
14		Michigan	414					230	644	2		14
15		Mississippi	209					2	211			15
16		Missouri	344					65	409			16
17		New Jersey	126					807	933			17
18		New York	568					294	862	81		18
19		North Carolina	1,064			11		364	1,439	288		19
20		Ohio	1,825		10			398	2,233	16		20
21		Pennsylvania	1,791			5		637	2,433	42		21
22		South Carolina	691					104	795	6		22
23		Tennessee	708		136			46	890	144		23
24		Virginia	2,027					107	2,134	93		24
25		West Virginia	795					47	842	14		25
26												26
27												27
28												28
29												29
30												30
31												31
32		TOTAL MILEAGE (single track)	16,389		360	17		4,570	21,336	1,176		32

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 710

Instructions for reporting locomotive and passenger-train car data.

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year.
2. In column (c), give the number of units purchased new or built in company shops. In column (d), give the number of new units leased from others. The term "new" means a unit placed in service for the first time on any railroad.
3. Units leased to others for a period of one year or more are reportable in column (f). Units temporarily out of respondent's service and rented to others for less than one year are to be included in column (h). Units rented from others for a period less than one year should not be included in column (f).
4. For reporting purposes, a "locomotive unit" is a self-propelled vehicle generating or converting energy into motion, and designed solely for moving other equipment. An "A" unit is the least number of wheel bases with superstructure designed for use singly or as a lead locomotive unit in combination with other locomotive units. A "B" unit is similar to an "A" unit but it is not equipped for use singly or as a lead locomotive unit. A "B" unit may be equipped with hostler controls for independent operation at terminals.
5. A "self-propelled" car is a rail motor car propelled by electric motors receiving power from a third rail or overhead, or internal combustion engines located on the car itself. Trailers equipped for use only in trains of cars that are self-propelled are to be included as self-propelled equipment.
6. A "diesel" unit includes all units propelled by diesel internal combustion engines regardless of final drive or whether power may at times be supplied from an external conductor. Units other than diesel-electric, e.g., diesel-hydraulic, should be identified in a footnote, giving the number and a brief description. An "electric" unit includes all units which receive electric power from a third rail or overhead contact wire, and use the power to drive one or more electric motors that propel the vehicle. An "other self-powered unit" includes all units other than diesel or electric, e.g., gas turbine, steam. Show the type of unit, service, and number, as appropriate, in a brief description sufficient for positive identification. An "Auxiliary unit" includes all units used in conjunction with locomotives, but which draw their power from the "mother" unit, e.g., boosters, slugs, etc. For reporting purposes, indicate radio-controlled self-powered diesel units on lines 1 through 8, as appropriate. Radio-controlled units that are not self-propelled, i.e., those without a diesel, should be reported on line 13 under "auxiliary units."

7. Column (k) should show aggregate capacity for all units reported in column (f), as follows: For locomotive units, report the manufacturer's rated horsepower (the maximum continuous power output from the diesel engines or engines delivered to the main generator or generators for tractive purposes). Exclude capacity data for steam locomotives. For passenger-train cars, report the number of passenger seats available for revenue service, counting one passenger to each berth in sleeping cars.

8. Passenger-train car types and service equipment car types correspond to AAR Mechanical Division designations. Descriptions of car codes and designations are published in The Official Railway Equipment Register.

9. Cross-checks

Schedule 710 Schedule 710

Line 5, column (f)	=	Line 11, column (f)
Line 6, column (f)	=	Line 12, column (f)
Line 7, column (f)	=	Line 13, column (f)
Line 8, column (f)	=	Line 14, column (f)
Line 9, column (f)	=	Line 15, column (f)
Line 10, column (f)	=	Line 16, column (f)

When data appear in column (f), lines 1 through 8, column (k) should have data on the same lines.

When data appear in columns (k) or (f), lines 36 through 53, and 55, column (m) should have data on the same lines.

710. INVENTORY OF EQUIPMENT UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS												
Line No	Cross Check	Type or design of units (a)	Changes During the Year					Units at Close of Year				
			Units Installed					Units retired from service of respondent whether owned or leased, including reclassification (g)	Owned and used (h)	Leased from others (i)	Total in service of respondent [col (h) & (i)] (j)	Aggregate capacity of units reported in col. (j) (See Ins. 7) (k)
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rewritten into property accounts (e)	All other units including reclassification and second hand units purchased or leased from others (f)					
1		Locomotive Units										
2		Diesel-freight units	3,148	207			747	667	3,284	151	3,435	11,806,050 (HP)
3		Diesel-passenger units										
4		Diesel-multiple purpose units	187									
5	*	Diesel-switching units	3,335	207			90	84	193		193	285,600
6	*	TOTAL (lines 1 to 4)					837	751	3,477	151	3,628	12,091,650
7	*	Electric-locomotives										
8	*	Other self-powered units										
9	*	TOTAL (lines 5, 6 and 7)	3,335	207			837	751	3,477	151	3,628	12,091,650
10	*	Auxiliary units	74				18	18	74		74	N/A
10	*	TOTAL LOCOMOTIVE UNITS (lines 8 and 9)	3,409	207			855	769	3,551	151	3,702	12,091,650

* Note: Col (i) - Leased to Others includes 51 NS Owned Locomotives Leased to Conrail for use in Shared Assets Area

DISTRIBUTION OF LOCOMOTIVE UNITS IN SERVICE OF RESPONDENT AT CLOSE OF YEAR BUILT, DISREGARDING YEAR OF REBUILDING												
Line No	Cross Check	Type or design of units (a)	During Calendar Year								2004 (k)	TOTAL (l)
			Before Jan 1, 1980 (b)	Between Jan 1, 1980 and Dec 31, 1984 (c)	Between Jan 1, 1985 and Dec 31, 1989 (d)	Between Jan 1, 1990 and Dec 31, 1994 (e)	Between Jan 1, 1995 and Dec 31, 1999 (f)	2000 (g)	2001 (h)	2002 (i)	2003 (j)	
												Line No
11	*	Diesel	1,253	231	357	407	713	200	160		100	3,628
12	*	Electric										11
13	*	Other self-powered units										12
14	*	TOTAL (lines 11 to 13)	1,253	231	357	407	713	200	160		100	3,628
15	*	Auxiliary units	23	22	25	4						74
16	*	TOTAL LOCOMOTIVE UNITS (Lines 14 and 15)	1,276	253	382	411	713	200	160		100	3,702

710. INVENTORY OF EQUIPMENT (Continued)
UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No	Cross Check	Type or design of units (a)	Changes During the Year					Units retired from service of respondent whether owned or leased, including reclassification (g)	Units at Close of Year				Line No	
			Units installed				Owned and used (h)		Leased from others (i)	Total in service of respondent (col (h) & (i)) (j)	Aggregate capacity of units reported in col. (j) (see ins. 7) (k)	Leased to others (l)		
			Units in service of respondent at beginning of year (b)	New units purchased or built (c)	New units leased from others (d)	Rebuilt units acquired and rewritten into property accounts (e)								All other units including reclassification and second hand units purchased or leased from others (f)
		PASSENGER-TRAIN CARS Non-Self-Propelled Coaches (PA, PB, PBO)												17
17		Combined cars												
18		(All class C, except CSB)												18
19		Parlor cars (PBC, PC, PL, PO)												19
20		Sleeping cars (PS, PT, PAS, PDS)												20
21		Dining, grill and tavern cars (All class D, PD)												21
22		Non-passenger carrying cars (All class B, CSB, M, PSA, 1A)												22
23		TOTAL (lines 17 to 22)												23
24		Self-Propelled Electric passenger cars (EP, ET)												24
25		Electric combined cars (EC)												25
26		Internal combustion rail motorcars (ED, EG)												26
27		Other self-propelled cars (Specify types)												27
28		TOTAL (lines 24 to 27)												28
29		TOTAL (lines 23 and 28)												29
30		COMPANY SERVICE CARS Business cars (PV)	21				6	5	22		22	N/A		30
31		Board outfit cars (MWX)	309				233	205	337		337	N/A		31
32		Derrick and snow removal cars (MWU, MWV, MWW, MWK)	376				55	76	355		355	N/A		32
33		Dump and ballast cars (MWB, MWD)	487				389	319	557		557	N/A		33
34		Other maintenance and service equipment cars	3,896				659	622	3,930	3	3,933	N/A		34
35		TOTAL (lines 30 to 34)	5,089				1,342	1,227	5,201	3	5,204	N/A		35

710. INVENTORY OF EQUIPMENT - Continued

Instructions for reporting freight-train car data

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year

2. In column (d) give the number of units purchased or built in company shops. In column (e) give the number of new units leased from others. The term "new" means a unit placed in service for the first time on any railroad.

3. Units leased to others for a period of one year or more are reportable in column (n). Units temporarily out of respondent's service and rented to others for less than one year are to be included in column (i). Units rented from others for a period less than one year should not be included in column (i)

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No	Cross Check	Class of equipment and car designations (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No.
			Time-mileage cars (b)	All Others (c)	Units installed				
					New units purchased or built (d)	New or rebuilt units leased from others (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts (f)	All other units, including reclassification and second hand units purchased or leased from others (g)	
36		FREIGHT TRAIN CARS Plain box cars - 40' (B1 __, B2 __)							36
37		Plain box cars - 50' and longer (B3_0-7, B4_0-7, B5 __, B6 __, B7 __, B8 __)	290					5	37
38		Equipped box cars (All Code A, Except A 5)	20,823					2,553	38
39		Plain gondola cars (All Codes G & J __1, J __2, J __3, J __4)	19,886					610	39
40		Equipped gondola cars (All Code E)	17,971					3,469	40
41		Covered hopper cars (C __1, C __2, C __3, C __4)	12,418					382	41
42		Open top hopper cars - general service (All Code H)	17,722					3,884	42
43		Open top hopper cars - special service (J __O, and All Code K)	3,391					335	43
44		Refrigerator cars - mechanical (R 5, R 6, R 7, R 8, R 9)							44
45		Refrigerator cars - non-mechanical (R 0, R 1, R 2)	336					127	45
46		Flat cars - TOFC/COFC (All Code P, Q and S, Except Q8 __)	1,268					1	46
47		Flat cars - multi-level (All Code V)	1,245					1	47
48		Flat cars - general service (F10 __, F20 __, F30 __)	156					31	48
49		Flat cars - other (F __1, F __2, F __3, F __4, F __5, F __6, F __8, F40 __)	1,877					5	49
50		Tank cars - under 22,000 gallons (T __0, T __1, T __2, T __3, T __4, T __5)							50
51		Tank cars - 22,000 gallons and over (T __6, T __7, T __8, T __9)		4					51
52		All other freight cars (A 5, F 7 __, All Code L and Q8 __)	3,246					453	52
53		TOTAL (lines 36 to 52)	100,629	4				11,856	53
54		Caboose (All Code M-930)	N/A	212				98	54
55		TOTAL (lines 53, 54)	100,629	216				11,954	55

710. INVENTORY OF EQUIPMENT - Continued

4. Column (m) should show aggregate capacity for all units reported in columns (k) and (l), as follows For freight-train cars, report the nominal capacity (in tons of 2,000 lbs) as provided for in Rule 86 of the AAR Code of Rules Governing Cars in Interchange Convert the capacity of tank cars to capacity in tons of the commodity which the car is intended to customarily carry.

5. Time-mileage cars refers to freight cars, other than cabooses, owned or held under lease arrangement, whose interline rental is settled on a per diem and line haul mileage basis under "Code of Car Hire Rules" or would be so settled if used by another railroad

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS									
Line No	Cross Check	Changes during year (concluded)	Units at close of year						Line No.
		Units retired from service of respondent whether owned or leased including reclassification (h)	Owned and Used (i)	Leased from others (j)	Units installed				
					Total in service of respondent		Aggregate capacity of units reported in col. (k) & (l) (see ins 4) (m)	Leased to others (n)	
					(col (i) & (j))				
					Time-mileage cars (k)	All Others (l)			
36									36
37		1	54	240	294		29,668		37
38		3,143	18,459	1,774	20,233		1,585,601	4	38
39		681	17,500	2,315	19,815		2,230,675	210	39
40		3,155	12,590	5,695	18,285		1,842,016		40
41		758	9,364	2,678	12,042		1,313,059	35	41
42		4,239	16,545	822	17,367		1,833,295		42
43		360	3,366		3,366		349,907		43
44									44
45		108	194	161	355		25,827	1	45
46		148	396	725	1,121		81,300		46
47		86	643	517	1,160		48,431		47
48		22	165		165		12,151		48
49		58	1,724	100	1,824		186,493		49
50									50
51			4			4	403		51
52		2	3,697		3,697		184,196		52
53		12,761	84,701	15,027	99,724	4	9,723,022	250	53
54		59	251		N/A	251	N/A		54
55		12,820	84,952	15,027	99,724	255	9,723,022	250	55

710. INVENTORY OF EQUIPMENT - Continued

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No	Cross Check	Class of equipment and car designations (a)	Units in service of respondent at beginning of year		Changes During the Year				Line No
			Per diem (b)	All Others (c)	Units installed				
					New units purchased or built (d)	New units leased from others (e)	Rebuilt units acquired and rebuilt units rewritten into property accounts (f)	All other units, including reclassification and second hand units purchased or leased from others (g)	
56		FLOATING EQUIPMENT Self-propelled vessels (tugboats, car ferries, etc.)	N/A						56
57		Non-self-propelled vessels (car floats, lighters, etc)	N/A						57
58		TOTAL (Lines 56 and 57)	N/A						58
59		HIGHWAY REVENUE EQUIPMENT Chassis (Z 1 , Z 67 , Z 68 , Z 69)		13,455		3,569		72	59
60		Dry van (U 2 , Z , Z 6 , 1-6)		13,754	750	3,200		243	60
61		Flat bed (U 3 , Z 3)		13					61
62		Open bed (U 4 , Z 4)		1					62
63		Mechanical refrigerator (U 5 , Z 5)						8	63
64		Bulk hopper (U 0 , Z 0)							64
65		Insulated (U 7 , Z 7)							65
66		Tank (Z 0 , U 6) (See note)							66
67		Other trailer and container (Special equipped dry van U 9 , Z 6 , Z 9)		3					67
68		Tractor							68
69		Truck							69
70		TOTAL (Lines 59 to 69)		27,226	750	6,769		323	70

NOTES AND REMARKS

Note: Line 66 (Tank) must have fitting code "CN" to qualify as a tank, otherwise it is a bulk hopper.

710. INVENTORY OF EQUIPMENT - Concluded

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No	Cross Check	Changes during year (concluded)	Units at close of year						Line No.
		Units retired from service of respondent whether owned or leased including reclassification (h)	Owned and used (i)	Leased from others (j)	Total in service of respondent (col (i) & (j))		Aggregate capacity of units reported in col (k) & (l) (see ins 4) (m)	Leased to Others (n)	
					Per diem (k)	All Others (l)			
56					N/A		N/A		56
57					N/A		N/A		57
58					N/A		N/A		58
59		765	75	16,256		16,331	N/A		59
60		610	7,350	9,987		17,337	458,490		60
61			13			13	277		61
62			1			1	23		62
63			8			8	182		63
64									64
65									65
66									66
67			3			3	67		67
68									68
69									69
70		1,375	7,450	26,243		33,693	459,039		70

NOTES AND REMARKS

710S. UNIT COST OF EQUIPMENT INSTALLED DURING THE YEAR

(Dollars in Thousands)

- 1 Give particulars, as requested, separately, for the various classes of new units and rebuilt units of equipment installed by respondent during the year. If information regarding the cost of any units installed is not complete at time of filing of this report, the units should be omitted, but reference to the number of units omitted should be given in a footnote, the details as to cost to be given in the report of the following year. The cost of units under construction at the close of the year should not be reflected in this schedule even though part of the cost appears in the property account for the year. Indicate in column (e) whether an installation represents equipment purchased (P), built or rebuilt by contract in outside railroad shops (C), or built or rebuilt in company or system shops (S) including units acquired through capitalized leases (L).
- 2 In column (a) list each class or type of locomotive unit, car or TOFC/COFC equipment on a separate line. By class is meant the standard classification used to distinguish types of locomotive units, freight cars or other equipment adopted by the Association of American Railroads, and should include physical characteristics requested by Schedule 710. Locomotive units should be identified as to power source, wheel arrangement, and horsepower per unit, such as multiple-purpose diesel locomotive A units (B-B), 2500 HP. Cars should be identified as to special construction or service characteristics, such as aluminum-covered hopper car (LO), steel boxcars-special service (XAP). For TOFC/COFC, show type of equipment as enumerated in Schedule 710.
3. In column (c) show the total weight in tons of 2,000 pounds. The weight of the equipment acquired should be the weight empty.
4. The cost should be the complete cost as entered on the ledger, including foreign line freight charges and handling charges.
- 5 Data for this schedule should be confined to the units reported in Schedule 710, columns (c) and (e) for locomotive units, passenger-train cars and company service cars and columns (d) and (f) for freight train cars, floating equipment and highway revenue equipment. Disclose new units in the upper section of this schedule. Disclose rebuilt units acquired or rewritten into the respondent's accounts in the lower section. The term "new" as used herein shall mean a unit or units placed in service for the first time on any railroad.
6. All unequipped boxcars acquired in whole or part with incentive per diem funds should be reported on separate lines and be appropriately identified by footnote or sub-heading.

NEW UNITS

Line No.	Class of equipment (a)	Number of Units (b)	Total Weight (Tons) (c)	Total Cost (d)	Method of Acquisition (see instructions) (e)	Line No.
1	EMD SD70M 6-Axle 4,000 HP	25	5,019	36,862	P	1
2	GE D9-40CW 6-Axle 4,000 HP	167	34,235	226,330	P	2
3	GE ES40DC 6-Axle 4,000 HP	15	3,075	23,418	P	3
4	Mark V Duraplate 53' Roadrailer Dry Vans (Z)	750	6,068	17,808	P	4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19						19
20						20
21						21
22						22
23						23
24						24
25	TOTAL	957	N/A	304,418	N/A	25
REBUILT UNITS						
26						26
27						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
38	TOTAL	0	N/A	0	N/A	38
39	GRAND TOTAL	957	N/A	304,418	N/A	39

GENERAL INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULES 720, 721, 723, AND 726

1. For purposes of these schedules, the track categories are defined as follows:

Track category 1

- A - Freight density of 20 million or more gross ton-miles per track mile per year (include passing tracks, turnouts, and crossovers)
- B - Freight density of less than 20 million gross ton-miles per track mile per year, but at least 5 million (include passing tracks, turnouts, and crossovers)
- C - Freight density of less than 5 million gross ton-miles per track mile per year, but at least 1 million (include passing tracks, turnouts, and crossovers)
- D - Freight density of less than 1 million gross ton-miles per track mile per year (include passing tracks, turnouts, and crossovers)
- E - Way and yard switching tracks (passing tracks, crossovers and turnouts shall be included in categories A, B, C, D, F, and potential abandonments, as appropriate).
- F - Track over which any passenger service is provided (other than potential abandonments). Mileage should be included within track categories A through E unless it is dedicated entirely to passenger service category F.

Potential abandonments - Route segments identified by railroads as potentially subject to abandonment as required by Section 10903 of the ICC Termination Act of 1995.

2 This schedule should include all class 1, 2, 3, or 4 track from schedule 700 that is maintained by the respondent (class 5 track is assumed to be maintained by others).

3. If, for two consecutive years, a line segment classified in one track category maintains a traffic density which would place it in another, it shall be reclassified into that category as of the beginning of the second year.

4. Traffic density related to passenger service shall not be included in the determination of the track category of a line segment.

720. TRACK AND TRAFFIC CONDITIONS

1. Disclose the requested information pertaining to track and traffic conditions.

Line No.	Track category (a)	Mileage of tracks at end of period (whole numbers) (b)	Average annual traffic density in millions of gross ton-miles per track-mile* (use two decimal places) (c)	Average running speed limit (use two decimal places) (d)	Track miles under slow orders at the end of period (e)	Line No.
1	A	9,535	39.75	45.94	23	1
2	B	6,498	12.09	42.10	249	2
3	C	2,582	2.61	31.34	465	3
4	D	3,273	0.22	21.56	646	4
5	E	8,807	XXXXXXXXXX	XXXXXXXXXX		5
6	TOTAL	30,695	21.25	39.43	1,383	6
7	F		XXXXXXXXXX	XXXXXXXXXX		7
8	Potential abandonments	166				8

* To determine average density, total track miles (route miles times number of tracks) rather than route miles shall be used.

722. TIES LAID IN ADDITIONAL TRACKS AND IN NEW LINES AND EXTENSIONS

(Dollars in Thousands)

Give particulars of ties laid in new construction during the year.

In column (a) classify the ties as follows:

U - Wooden ties untreated when applied.

T - Wooden ties treated before application

S - Ties other than wooden (steel, concrete, etc.). Indicate type in column (h).

Report new and second-hand (relay) ties separately, indicating in column (h) which ties are new.

In columns (d) and (g) show the total cost, including transportation charges on foreign lines, tie trains, loading, inspection, and the cost of handling ties in general supply, storage, and seasoning yard. In the case of treated ties, also show the cost of handling at treating plants and the cost of treatment. The cost of unloading, hauling over carrier's own lines and placing the ties in tracks, and of train service, other than that necessary in connection with loading or treatment, should not be included in this schedule.

Line No.	Class of ties (a)	CROSSTIES			SWITCH AND BRIDGE TIES			Remarks	Line No.
		Total number of ties applied (b)	Average cost per tie (c)	Total cost of crossties laid in new tracks during year (d)	Number of feet (board measure) laid in tracks (e)	Average cost per M feet (board measure) (f)	Total cost of switch and bridge ties laid in new tracks during year (g)		
1	T	12,541	\$32.92	\$413	36,159	\$845.04	\$31	New Ties	1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20	TOTAL	12,541	\$32.92	\$413	36,159	\$845.04	\$31		20
21	Number of miles of new running, passing tracks, cross-overs, etc., in which ties were laid — 1.24								
22	Number of miles of new yard, station, team, industry, and other switching tracks in which ties were laid — 7.54								

723. RAILS LAID IN REPLACEMENT

1. Furnish the requested information concerning rails laid in replacement.
2. The term 'spot maintenance' in column (h) means repairs to track components during routine inspections, as opposed to programmed replacements aimed at upgrading the general condition of the tracks. 'Percent of spot maintenance' refers to the percentage of total rails laid in replacement considered to be spot maintenance.
3. In line 9, the average cost of new and relay rail should include the cost of loading at the point of purchase ready for shipment, the freight charges paid foreign lines, and the cost of handling rails in general supply and storage yards. The cost of unloading, hauling over carrier's own lines and placing rails in tracks and of train service in connection with the distribution of rails should not be included in this schedule.

Line No.	Track category	Miles of rail laid in replacement (rail-miles)				Total		Percent of spot maintenance	Line No.
		New rail		Relay rail		Welded rail	Bolted rail		
	(a)	Welded rail (b)	Bolted rail (c)	Welded rail (d)	Bolted rail (e)	(f)	(g)	(h)	
1	A	220.08	3.04	79.96	12.91	300.04	15.95	8.16	1
2	B	90.23	1.25	36.09	7.08	126.32	8.33	4.26	2
3	C	5.58	0.08	2.23	0.44	7.81	0.52	0.26	3
4	D	2.69	0.04	1.07	0.21	3.76	0.25	0.13	4
5	E	0.00	0.00	8.08	4.36	8.08	4.36	2.23	5
6	TOTAL	318.58	4.41	127.43	25.00	446.01	29.41	15.04	6
7	F								7
8	Potential Abandonments								8
9	Average cost of new and relay rail laid in replacement per gross ton:		New		\$484.69	Relay	\$117.17		9

724. RAILS LAID IN ADDITIONAL TRACKS AND IN NEW LINES AND EXTENSIONS

(Dollars in Thousands)

1. Give particulars of all rails applied during the year in connection with the construction of new track.

In column (a) classify the kind of rail applied as follows:

- (1) New steel rails, Bessemer process
- (2) New steel rails, open-hearth process
- (3) New rails, special alloy (describe fully in a footnote)
- (4) Relay rails.

2. Returns in columns (c) and (g) should be reported in WHOLE numbers. Fractions of less than one-half should be disregarded, and fractions of one-half or more should be counted as one.

3. The returns in columns (d) and (h) should include the cost of loading at the point of purchase ready for shipment, the freight charges paid foreign lines, and the cost of handling rails in general supply and storage yards. The cost of unloading, hauling over carrier's own lines, and placing the rails in tracks and of train service in connection with the distribution of the rail should not be included in this schedule.

RAIL APPLIED IN RUNNING TRACKS, PASSING TRACKS, CROSS-OVERS, ETC.						RAIL APPLIED IN YARD, STATION, TEAM, INDUSTRY AND OTHER SWITCHING TRACKS				Line No.	
Line No.	Class of rail	Weight of rail		Total cost of rail applied in running tracks, passing tracks cross-overs, etc , during year	Average cost per ton (2,000 lb)	Weight of rail		Total cost of rail applied in yard, station, team, industry, and other switching tracks during year	Average cost per ton (2,000 lb)		
		Pounds per yard of rail	Number of tons (2,000 lb)			Pounds per yard of rail	Number of tons (2,000 lb)				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
1	1	132				132	4	1	393.00	1	
2										2	
3	4	132	288	23	79.86	132	1,748	234	133.91	3	
4										4	
5										5	
6										6	
7										7	
8										8	
9										9	
10										10	
11										11	
12										12	
13										13	
14										14	
15										15	
16										16	
17										17	
18										18	
19										19	
20										20	
21										21	
22										22	
23										23	
24										24	
25										25	
26										26	
27										27	
28										28	
29										29	
30										30	
31										31	
32										32	
33	TOTAL	N/A	288	\$23	\$79.86	N/A	1,752	\$235	\$134.13	33	
34	Number of miles of new running tracks, passing tracks, cross-overs, etc., in which rails were laid									1.24	34
35	Number of miles of new yard, station, team, industry, and other switching tracks in which rails were laid									7.54	35
36	Track-miles of welded rail installed on system this year 9 : total to date 22,001										36

725. WEIGHT OF RAIL

Give the particulars called for below concerning the road and track operated by the respondent at the close of the year. Only the respondent's proportion of jointly owned mileage should be included Under "Weight of rail", the various weights of rails should be given. Road and track occupied under trackage right or other form of license should not be included herein, but all road and track held under any form of lease (granting exclusive possession to the lessee) should be included.

Line No.	Weight of rails per yard (pounds) (a)	Line-haul companies (miles of main track) (b)	Switching and terminal companies (miles of all tracks) (c)	Remarks (d)	Line No.
1	85	101.19			1
2	90	282.48			2
3	100	931.16			3
4	105	120.21			4
5	110	59.52			5
6	112	776.95			6
7	115	1,161.25			7
8	119	11.19			8
9	127	636.08			9
10	130	653.30			10
11	131	1,171.01			11
12	132	9,850.49			12
13	133	165.82			13
14	136	2,221.07			14
15	140	1,185.17			15
16	141	286.29			16
17	152	82.00			17
18	155	62.87			18
19					19
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726. SUMMARY OF TRACK REPLACEMENTS

1. Furnish the requested information concerning the summary of track replacements.
 2. In columns (d), (e), (g), and (j) give the percentage of replacements to units of property in each track category at year end.

Line No	Track category	Ties					Rail		Ballast	Track surfacing		Line No.
		Number of ties replaced		Percent replaced		Miles of rail replaced (rail-miles)	Percent replaced	Cubic yards of ballast placed		Miles surfaced	Percent surfaced	
		Crossties (b)	Switch and bridge ties (board feet) (c)	Crosstie (d)	Switch and bridge ties (board feet) (e)				(f)			
1	A	1,307,870	3,369,041	4.2	5.4	315.99	1.7	1,244,071	2,895.8	30.4	1	
2	B	865,348	2,872,311	4.1	3.6	134.65	1.0	532,786	1,222.0	18.8	2	
3	C	141,104	572,666	1.7	3.3	8.33	0.2	68,695	289.8	11.2	3	
4	D	109,241	324,739	1.0	0.8	4.01	0.1	54,306	377.5	11.5	4	
5	E	192,260	2,014,453	0.7	1.8	12.44	0.1	79,810	269.7	3.1	5	
6	TOTAL	2,615,823	9,153,210	2.7	3.0	475.42	0.8	1,979,668	5,054.8	16.5	6	
7	F										7	
8	Potential abandonments										8	

750. CONSUMPTION OF DIESEL FUEL
 (Dollars in Thousands)

Locomotives				Line No.
Line No.	Kind of locomotive service (a)	Diesel oil (gallons) (b)		
1	Freight	460,570,514		1.
2	Passenger			2
3	Yard switching	41,938,210		3
4	TOTAL	502,508,724		4
5	COST OF FUEL \$(000)*	\$ 449,030		5
6	Work Train	2,627,510		6

*Show cost of fuel charged to train and yard service (function 6-Looc Fuels). The cost stated for diesel fuel should be the total charges in the accounts specified, including freight charges and handling expenses. Fuel consumed by mixed and special trains that are predominantly freight should be included in freight service, but where the service is mixed or special trains is predominantly passenger, the fuel should be included in passenger service.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 755

Unit Train, Way Train, and Through Train data under Items 2, 3, 4, 6, and 12 shall be obtained from conductor's wheel reports (freight) or similar reports. Unit train service is a specialized scheduled shuttle type service in equipment (railroad or privately owned) dedicated to such service, moving between origin and destination. The applicable tariffs and/or contracts generally require that a specific minimum tonnage or quantity of carloads be tendered as a unit for shipment on one bill of lading or other shipping document in a solid train for movement between origin and destination. Such tariffs and/or contracts generally contain restricted detention provisions and are subject to time-volume requirements which reflect the approximate capacity of the unit trains for the stated period. Way trains are defined as trains operated primarily to gather and distribute cars in road service and move them between way stations or way points. Through trains are those trains operated between two or more major concentration or distribution points. Do not include unit train statistics in way or through train statistics. A work train is a train operated solely or preponderantly for the purpose of transporting company freight, work equipment, or company employees. Statistics for work trains should be reported under Item 11, only. Statistics related to company equipment, company employees, and company freight moving in transportation trains are not to be reported in Item 11, but are to be reported in Items 4-17, 6-04, 7-02, 8-04, and 8-05, as instructed in notes I, K, and L.

(A) Report miles of road operated at close of year, excluding industrial tracks, yard tracks, and sidings.

(B) A train-mile is a movement of a train a distance of one mile. In computing train-miles, fractions representing less than one-half mile shall be disregarded and other fractions shall be considered as one mile. Train Miles-Running shall be based on the actual distance run between terminals and/or stations and shall be computed from the official time tables or distance tables. Train-Miles shall not be increased to cover the running of locomotives from shops to terminals, doubling hills, switching, or other work at way stations, or for the service of helper or pusher locomotives or of extra locomotives on double-head or triple-head trains. When the carrier's trains are detoured over foreign roads, the miles shall be computed on the basis of the miles actually run and in accordance with the service performed. Train-miles shall be kept separately for trains hauled by locomotives and trains moved by motorcars.

(C) A motorcar is a self-propelled unit of equipment designed to carry freight or passengers, and is not considered a locomotive.

(D) A locomotive is a self-propelled unit of equipment designed solely for moving other equipment. A locomotive unit-mile is a movement of a locomotive unit a distance of one mile under its own power. Include miles made by all locomotive units. Exclude miles made by motorcars. Miles of locomotives in helper service shall be computed on the basis of actual distance run in such service.

(E) All locomotive unit-miles in road service shall be based on the actual distance run between terminals and/or stations. Follow instruction (B) regarding fractions and official time tables for computing locomotive miles.

(F) Train switching locomotive-miles shall be computed at the rate of six miles per hour for the time actually engaged in such service. Include miles allowed for train locomotives for performing switching service at terminals and way stations.

(G) Yard switching locomotive-miles shall be computed at the rate of six miles per hour for the time actually engaged in yard switching service. Include miles allowed for yard locomotives for switching service in yards where regular switching service is maintained and in terminal switching and transfer service.

(H) A car-mile is a movement of a unit of car equipment a distance of one mile. Use car designations shown in Schedule 710. Under Railroad Owned and Leased Cars, Items 4-01 and 4-11, report both foreign cars and respondent's own cars while on the line of the respondent railroad. In Items 4-13 and 4-15, report private-line cars and shipper owned cars. Loaded and empty miles should be reported whether or not the railroad reimbursed the owner on a loaded and/or empty mile basis. Report miles made by flatcars carrying empty highway trailers that are not moving under revenue billings as empty freight car-miles. Do not report miles made by motorcars or business cars.

(I) Exclude from Items 4-01, 4-11, 4-13, and 4-15, car-miles of work equipment, cars carrying company freight, and non-revenue private line cars moving in transportation trains. Include such car-miles in Items 4-17, 4-18, and 4-19. If private line cars move in revenue service, the loaded and empty miles should not be considered no-payment or non-revenue car-miles.

(J) Report miles actually run by passenger-train cars in transportation service. Passenger-train car-miles include miles run by coaches and cars in which passengers are carried at regular tariff fares without extra charge for space occupied; miles run by combination passenger and baggage, passenger and mail, passenger and express; miles run by sleeping, parlor, and other cars for which an extra fare is charged; miles run by dining, cafe, and other cars devoted exclusively to the serving of meals and other refreshments and by club, lounge, and observation cars; and miles run by other passenger-train cars where services are combined, such as baggage, express, and mail.

(K) From conductor's or dispatcher's train reports or other appropriate sources, compute weight in tons (2,000 pounds). Item 6-01 includes weight of all locomotive units moved one mile in transportation trains. Ton-miles of motorcars should be excluded. Items 6-02 and 6-03 represent tons behind locomotive units (cars and contents, cabooses) moved one mile in transportation trains (excluding non-revenue gross ton-miles). Nonrevenue gross ton-miles in transportation trains include work equipment and cars carrying company freight and their contents. Use 150 pounds as the average weight per passenger and four tons as the average weight of contents of each head-end car.

(L) From conductor's train reports or other appropriate sources, compute ton-miles of freight. Ton-miles represent the number of tons of revenue and nonrevenue freight moved one mile in a transportation train. Include net ton-miles in motorcar trains. Exclude I.c.I. shipment of freight handled in mixed baggage express cars. Total ton-miles of revenue freight should correspond to the ton-miles reported on Form CBS.

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 755 - (Concluded)

(M) Road service represents elapse time of transportation trains (both ordinary and light) between the time of leaving the initial terminals and the time at final terminals, including trains switching at way stations and delays on road as shown by conductor's or dispatcher's train reports. Include time of motorcar service performed by train locomotives at terminals and way stations. Report in Item 9-02, train switching hours included in Item 9-01. Train switching is the time spent by the train while performing switching service at terminals and way stations where no regular yard service is maintained. A train hour is independent of the number of locomotives in the train.

(N) Yard switching hours are hours expended in switching service performed by yard crews in yards where regular switching service is maintained, including switching and transfer service in connection with the transportation of revenue and incidentally of company freight. Hours in yard switching are independent of the number of locomotives used.

(O) Work-train miles include the miles run by trains engaged in company service such as official inspection; inspection trains for railway commissioners for which no revenue is received; trains running special with fire apparatus to save carrier's property from destruction; trains run for transporting the carrier's employees to and from work when no transportation charge is made; wrecking trains run solely for the purpose of transporting company material; trains run for distributing material and supplies for use in connection with operations; and all other trains used in work-train services. Exclude miles run by locomotives while engaged incidentally in switching company materials in company shops or material yards in connection with regular yard switching service or in switching equipment for repairs between yards and shops.

(P) The number of loaded freight cars shall be obtained from the conductors' wheel report and shall be the sum of all loaded cars handled by each train. For example, if a car moves loaded (1) in a way train from the origination points, (2) in two through trains, and (3) in a way-train to the destination point, the total count of loaded cars would be four: two counts for the movements in the way trains and two counts for the movements in through trains. Therefore, each car originated or received from a connecting carrier receives an initial count, plus one count for each subsequent physical transfer between trains on respondent's lines. No additional count is given because of crew change or changes in track identification number unless there is a physical transfer of the car between trains. Each car moving under revenue billing shall be considered as a loaded car.

(Q) Report vehicles (TOFC trailers/containers, automobiles and trucks) loaded and unloaded to and from TOFC and multiple level freight cars when the work is performed at the railroad's expense.

(R) Report the number of loaded revenue trailers/containers picked up, plus revenue trailers/containers delivered in TOFC/COFC and in highway interchange service, when the work is performed at the railroad's expense. (Performed at railroad's expense means that railroad employees perform the service or that the railroad hires a subsidiary or outside contractor to perform the service.) Do not include those trailers/containers which are picked up or delivered by a shipper or motor carrier, etc. when a tariff provision requires that the shipper or motor carrier, etc., and not the railroad, perform that service. Note: The count should reflect the trailers/containers for which expenses are reported in Schedule 417, line 2, column (b).

(S) Report under Marine Terminals, Item 16, the tons loaded onto and unloaded from marine vessels at the expense of the reporting railroad.

(T) Report the total number of foreign railroad cars on line at the end of the year (except surplus cars, see below). Foreign railroad cars refers to freight cars owned by other railroads whose interline rental is settled on time (by hour) and actual line-haul mileage charges under the Code of Car Hire Rules.

Carriers will be governed by local conditions in determining whether a car at an interchange point should be considered "on-line." Unserviceable cars include cars on repair tracks undergoing or awaiting repairs. They include cars on repair tracks repaired and awaiting switching, cars on repair tracks undergoing or awaiting repairs switching, cars awaiting movement to repair tracks held in train yards (excluding cars which are to be repaired in the train yard without loss of time), cars moving empty in trains en route to shop, and cars stored awaiting disposition.

Surplus cars are cars which are in serviceable condition for loading on the last day of the year, but have not been placed for loading within 48 hours. This count can be an annual average based on weekly count of cars that have not been placed for loading within 48 hours.

(U) Flat-TOFC/COFC Car-miles reported in lines 25 (4-020), 41 (4-120), 57 (4-140), and 75 (4-160) will be computed using cars rather than constructed container platforms. For example, an articulated car consisting of five platforms moved one mile will be counted as one car-mile, not five car-miles.

(V) The intermodal Load Factor reported on Line 134 will be calculated for the average number of intermodal (TOFC/COFC) units loaded on the average intermodal car. Units are to be calculated in the same manner as Line 123 (13 TOFC/COFC - No. of Revenue Trailers & Containers Loaded and Unloaded (Q)). Intermodal cars will be calculated in accordance with Instruction U for reporting Flat-TOFC/COFC Car-miles. Both intermodal (TOFC/COFC) units and intermodal cars are to be calculated using actual units and not constructed intermodal (TOFC/COFC) units or cars.

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
1		1 MILES OF ROAD OPERATED (A)	21,336		1
		2. TRAIN MILES - RUNNING (B)	XXXXXXXX	XXXXXX	
2		2-01 UNIT TRAINS	10,777,412	XXXXXX	2
3		2-02 WAY TRAINS	12,739,958	XXXXXX	3
4		2-03 THROUGH TRAINS	54,148,814		4
5		2-04 TOTAL TRAIN MILES (lines 2-4)	77,666,184		5
6		2-05 MOTORCARS (C)			6
7		2-06 TOTAL, ALL TRAINS (lines 5, 6)	77,666,184		7
		3. LOCOMOTIVE UNIT MILES (D)	XXXXXXXX	XXXXXX	
		ROAD SERVICE (E)	XXXXXXXX	XXXXXX	
8		3-01 UNIT TRAINS	24,497,777	XXXXXX	8
9		3-02 WAY TRAINS	21,189,383	XXXXXX	9
10		3-03 THROUGH TRAINS	128,755,382		10
11		3-04 TOTAL (lines 8-10)	174,442,542		11
12		3-11 TRAIN SWITCHING (F)	9,042,515	XXXXXX	12
13		3-21 YARD SWITCHING (G)	13,243,542		13
14		3-31 TOTAL ALL SERVICES (lines 11, 12, 13)	196,728,599		14
		4. FREIGHT CAR-MILES (thousands) (H)	XXXXXXXX	XXXXXX	
		4-01 RR OWNED AND LEASED - LOADED	XXXXXXXX	XXXXXX	
15		4-010 BOX-PLAIN 40-FOOT		XXXXXX	15
16		4-011 BOX-PLAIN 50-FOOT AND LONGER	6,978	XXXXXX	16
17		4-012 BOX-EQUIPPED	240,908	XXXXXX	17
18		4-013 GONDOLA-PLAIN	245,212	XXXXXX	18
19		4-014 GONDOLA-EQUIPPED	139,288	XXXXXX	19
20		4-015 HOPPER-COVERED	133,536	XXXXXX	20
21		4-016 HOPPER-O/T-GENERAL SERVICE	136,053	XXXXXX	21
22		4-017 HOPPER-O/T-SPECIAL SERVICE	21,218	XXXXXX	22
23		4-018 REFRIGERATOR-MECHANICAL	4,632	XXXXXX	23
24		4-019 REFRIGERATOR-NON-MECHANICAL	15,160	XXXXXX	24
25		4-020 FLAT-TOFC/COFC	136,075	XXXXXX	25
26		4-021 FLAT-MULTI-LEVEL	31,431	XXXXXX	26
27		4-022 FLAT-GENERAL SERVICE	781	XXXXXX	27
28		4-023 FLAT-ALL OTHER	41,920	XXXXXX	28
29		4-024 ALL OTHER CAR TYPES	227,563	XXXXXX	29
30		4-025 TOTAL (lines 15-29)	1,380,755	XXXXXX	30

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		4-11 RR OWNED AND LEASED EMPTY	XXXXXXXX	XXXXXX	
31		4-110 BOX-PLAIN 40-FOOT		XXXXXX	31
32		4-111 BOX-PLAIN 50-FOOT AND LONGER	7,142	XXXXXX	32
33		4-112 BOX-EQUIPPED	243,877	XXXXXX	33
34		4-113 GONDOLA-PLAIN	216,288	XXXXXX	34
35		4-114 GONDOLA-EQUIPPED	117,597	XXXXXX	35
36		4-115 HOPPER-COVERED	141,714	XXXXXX	36
37		4-116 HOPPER-O/T-GENERAL SERVICE	129,695	XXXXXX	37
38		4-117 HOPPER-O/T-SPECIAL SERVICE	21,959	XXXXXX	38
39		4-118 REFRIGERATOR-MECHANICAL	4,074	XXXXXX	39
40		4-119 REFRIGERATOR-NON-MECHANICAL	12,012	XXXXXX	40
41		4-120 FLAT-TOFC/COFC	21,684	XXXXXX	41
42		4-121 FLAT-MULTI-LEVEL	20,374	XXXXXX	42
43		4-122 FLAT-GENERAL SERVICE	1,289	XXXXXX	43
44		4-123 FLAT-ALL OTHER	42,770	XXXXXX	44
45		4-124 ALL OTHER CAR TYPES	1,007	XXXXXX	45
46		4-125 TOTAL (lines 31-45)	981,482	XXXXXX	46
		4-13 PRIVATE LINE CARS - LOADED (H)	XXXXXXXX	XXXXXX	
47		4-130 BOX-PLAIN 40-FOOT		XXXXXX	47
48		4-131 BOX-PLAIN 50-FOOT AND LONGER	22,060	XXXXXX	48
49		4-132 BOX-EQUIPPED	4,151	XXXXXX	49
50		4-133 GONDOLA-PLAIN	12,837	XXXXXX	50
51		4-134 GONDOLA-EQUIPPED	8,591	XXXXXX	51
52		4-135 HOPPER-COVERED	199,465	XXXXXX	52
53		4-136 HOPPER-O/T-GENERAL SERVICE	7,653	XXXXXX	53
54		4-137 HOPPER-O/T-SPECIAL SERVICE	79,609	XXXXXX	54
55		4-138 REFRIGERATOR-MECHANICAL	853	XXXXXX	55
56		4-139 REFRIGERATOR-NON-MECHANICAL	720	XXXXXX	56
57		4-140 FLAT-TOFC/COFC	360,530	XXXXXX	57
58		4-141 FLAT-MULTI-LEVEL	229,678	XXXXXX	58
59		4-142 FLAT-GENERAL SERVICE	87	XXXXXX	59
60		4-143 FLAT-ALL OTHER	37,336	XXXXXX	60
61		4-144 TANK UNDER 22,000 GALLONS	111,499	XXXXXX	61
62		4-145 TANK - 22,000 GALLONS AND OVER	93,014	XXXXXX	62
63		4-146 ALL OTHER CAR TYPES		XXXXXX	63
64		4-147 TOTAL (lines 47-63)	1,168,083	XXXXXX	64

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No
		4-15 PRIVATE LINE CARS-EMPTY (H)	XXXXXXXX	XXXXXX	
65		4-150 BOX-PLAIN 40-FOOT		XXXXXX	65
66		4-151 BOX-PLAIN 50-FOOT AND LONGER	14,045	XXXXXX	66
67		4-152 BOX-EQUIPPED	3,838	XXXXXX	67
68		4-153 GONDOLA-PLAIN	13,043	XXXXXX	68
69		4-154 GONDOLA-EQUIPPED	9,333	XXXXXX	69
70		4-155 HOPPER-COVERED	205,920	XXXXXX	70
71		4-156 HOPPER-O/T-GENERAL SERVICE	7,572	XXXXXX	71
72		4-157 HOPPER-O/T-SPECIAL SERVICE	74,179	XXXXXX	72
73		4-158 REFRIGERATOR-MECHANICAL	829	XXXXXX	73
74		4-159 REFRIGERATOR-NON-MECHANICAL	620	XXXXXX	74
75		4-160 FLAT-TOFC/COFC	22,996	XXXXXX	75
76		4-161 FLAT-MULTI-LEVEL	137,946	XXXXXX	76
77		4-162 FLAT-GENERAL SERVICE	138	XXXXXX	77
78		4-163 FLAT-ALL OTHER	37,326	XXXXXX	78
79		4-164 TANK UNDER 22,000 GALLONS	105,101	XXXXXX	79
80		4-165 TANK - 22,000 GALLONS AND OVER	96,724	XXXXXX	80
81		4-166 ALL OTHER CAR TYPES		XXXXXX	81
82		4-167 TOTAL (lines 65-81)	729,610	XXXXXX	82
83		4-17 WORK EQUIPMENT CAR-MILES	14,452	XXXXXX	83
84		4-18 NO PAYMENT CAR-MILES (I) *	395,660	XXXXXX	84
		4-19 TOTAL CAR-MILES BY TRAIN TYPE	XXXXXXXX	XXXXXX	
85		4-191 UNIT TRAINS	1,059,500	XXXXXX	85
86		4-192 WAY TRAINS	361,873	XXXXXX	86
87		4-193 THROUGH TRAINS	3,248,669	XXXXXX	87
88		4-194 TOTAL (lines 85-87)	4,670,042	XXXXXX	88
89		4-20 CABOOSE MILES	112	XXXXXX	89

* Total number of loaded miles 224,456 and empty miles 4 by roadrailer reported above on lines 29 and 45 respectively, rather than line 84.

Note: Line 88, total car miles, is equal to the sum of lines 30, 46, 64, 82, 83 and 84. Accordingly, the car miles reported on lines 83 and 84 are to be allocated to lines 85, 86 and 87, and included in the total shown on line 88.

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass. train (c)	Line No.
		6. GROSS TON MILES (Thousands) (K)	XXXXXXXX	XXXXXX	
98		6-01 ROAD LOCOMOTIVES	31,979,527		98
		6-02 FREIGHT TRAINS, CRS., CNTS. & CABOOSE	XXXXXXXX	XXXXXX	
99		6-020 UNIT TRAINS	89,650,326	XXXXXX	99
100		6-021 WAY TRAINS	28,632,754	XXXXXX	100
101		6-022 THROUGH TRAINS	256,641,551	XXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS. & CNTS.			102
103		6-04 NON-REVENUE	1,015,996	XXXXXX	103
104		6-05 TOTAL (lines 98-103)	407,920,154		104
		7. TONS OF FREIGHT (Thousands)	XXXXXXXX	XXXXXX	
105		7-01 REVENUE	430,739	XXXXXX	105
106		7-02 NON-REVENUE	1,417	XXXXXX	106
107		7-03 TOTAL (lines 105, 106)	432,156	XXXXXX	107
		8 TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXX	XXXXXX	
108		8-01 REVENUE-ROAD SERVICE	198,305,860	XXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)	198,305,860	XXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	326,347	XXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV.		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)	326,347	XXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	198,632,207	XXXXXX	114
		9. TRAIN HOURS (M)	XXXXXXXX	XXXXXX	
115		9-01 ROAD SERVICE	4,017,129	XXXXXX	115
116		9-02 TRAIN SWITCHING	869,001	XXXXXX	116
117		10. TOTAL YARD SWITCHING HOURS (N)	2,154,976	XXXXXX	117
		11. TRAIN-MILES WORK TRAINS (O)	XXXXXXXX	XXXXXX	
118		11-01 LOCOMOTIVES	798,068	XXXXXX	118
119		11-02 MOTORCARS		XXXXXX	119
		12. NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXX	XXXXXX	
120		12-01 UNIT TRAINS	2,424,322	XXXXXX	120
121		12-02 WAY TRAINS	5,644,728	XXXXXX	121
122		12-03 THROUGH TRAINS	7,094,852	XXXXXX	122
123		13. TOFC/COFC-NO. OF REV. TRLS. & CONT. LOADED & UNLOADED (Q)	4,749,031	XXXXXX	123
124		14. MULTI-LEVEL CARS-NO. OF MTR. VEH. LOADED AND UNLOADED (Q)	1,016,166	XXXXXX	124
125		15. TOFC/COFC-NO. OF REV TRLS. PICKED UP AND DELIVERED (R)	247,825	XXXXXX	125
		16. REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXX	XXXXXX	
126		16-01 MARINE TERMINALS - COAL	24,379,000	XXXXXX	126
127		16-02 MARINE TERMINALS - ORE		XXXXXX	127
128		16-03 MARINE TERMINALS - OTHER		XXXXXX	128
129		16-04 TOTAL (lines 126-128)	24,379,000	XXXXXX	129
		17. NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXX	XXXXXX	
130		17-01 SERVICEABLE	40,107	XXXXXX	130
131		17-02 UNSERVICEABLE	845	XXXXXX	131
132		17-03 SURPLUS		XXXXXX	132
133		17-04 TOTAL (lines 130-132)	40,952	XXXXXX	133
134		TOFC/COFC - Average No. of Units Loaded Per Car			134

VERIFICATION

The foregoing report shall be verified by the oath of the officer having control of the accounting of the respondent. This report shall also be verified by the oath of the president or other chief officer of the respondent, unless the respondent states that such officer has no control over the respondent's accounting and reporting.

OATH

(To be made by the officer having control of the accounting of the respondent)

Commonwealth of Virginia
City of Norfolk

Marta Stewart makes oath and says that she is **Vice President and Controller of Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB Annual Report R-1); that it is her duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that she knows that such books have been kept in good faith during the period covered by this report; that she knows that the entries contained in this report relating to accounting matters have been prepared in accordance with the provisions of the Uniform System of Accounts for Railroads and other accounting and reporting directives of the Surface Transportation Board; that she believes that all other statements of fact contained in this report are true, and that this report is a correct and complete statement, accurately taken from the books and records, of the business and affairs of the above-named respondent during the period of time from and including **January 1, 2004**, to and including **December 31, 2004**.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **30th** day of **March, 2005**. My commission expires **March 31, 2007**.

Use an
L.S.
impression seal



(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

Commonwealth of Virginia
City of Norfolk

David R. Goode makes oath that says that he is **President and Chief Executive Officer of Norfolk Southern Combined Railroad Subsidiaries** (see page 4 of STB Annual Report R-1); that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including **January 1, 2004**, to and including **December 31, 2004**.


(Signature of affiant)

Subscribed and sworn to before me a **Notary Public** in and for the State and City above named, this **30th** day of **March, 2005**. My commission expires **March 31, 2007**.

Use an
L.S.
impression seal


(Signature of officer authorized to administer oaths)

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C. VOTING POWERS AND ELECTIONS - Continued

- 10 State the total number of votes cast at the latest general meeting for the election of directors of the respondent
NSR - 16,668,997 votes, T-Cubed - 2,000 votes and TCS Leasing, Inc. - 500 votes.
- 11 Give the date of such meeting NSR - May 25, 2004 T-Cubed - May 5, 2004 and TCS Leasing, Inc. - October 29, 2004
- 12 Give the place of such meeting. Norfolk, Virginia for NSR, T-Cubed and TCS Leasing, Inc

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Norfolk Southern Combined Railroad Subsidiaries (NS Rail) includes the affiliated railroads under the COMMON CONTROL of Norfolk Southern Corporation (NS). The major subsidiary is Norfolk Southern Railway Company and consolidated subsidiaries (NSR) See listing of companies included in combined rail reporting below. Nonrailroad subsidiaries whose assets and operations are not deemed to be an integral part of rail operations are included in this combined report in the following classifications:

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All significant intercompany balances and transactions have been eliminated in combination

This form of Combined reporting was approved by the ICC Accounting and Valuation Board on March 23, 1987, as indicated in Chairman William F. Moss, III's letter

The following companies are included in the combined rail reporting to the Surface Transportation Board.

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 Chesapeake Western Railway
 Interstate Railroad Company
 Norfolk and Portsmouth Belt Line Railroad Company
 State University Railroad Company
 Tennessee, Alabama & Georgia Railway Company
 Tennessee Railway Company

Lessors and Other

Airforce Pipeline, Inc.
 Alabama Great Southern LLC
 Central of Georgia LLC
 Citico Realty Company
 High Point, Randleman, Asheboro and
 Southern Railroad Company
 Lamberts Point Barge Company, Inc.
 Mobile and Birmingham Railroad Company
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 Norfolk Southern-Mexico, LLC
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 Southern Region Coal Transport, Inc.
 Southern Region Materials Supply, Inc.
 T-Cubed of North America, Inc
 T-Cubed of South Carolina, Inc
 T-Cubed of Virginia, Inc
 TCS Leasing, Inc.
 Thoroughbred Direct Intermodal Services, Inc
 Thoroughbred Technology and Telecommunications, Inc
 Transworks Company
 Transworks Inc
 Transworks of Indiana, Inc
 Triple Crown Services Company
 Virginia and Southwestern Railway Company
 Wheelersburg Terminal LLC
 Yadkin Railroad Company

332 DEPRECIATION BASE AND RATES - ROAD AND EQUIPMENT OWNED AND USED AND LEASED FROM OTHERS
(Dollars in Thousands)

- 1 Show in columns (b) and (e), for each primary account, the depreciation base used to compute the depreciation charges for the month of January, and in columns (c) and (f) show the depreciation base used to compute the depreciation charges for the month of December, in columns (d) and (g) show the composite rates used in computing the depreciation charges for the month of December, and on lines 30 and 39 of these columns show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. The depreciation base should not include the cost of equipment used, but not owned, when the rents therefore are included in the rent for equipment and Account Nos 31-22-00, 31-23-00, 31-25-00, 31-21-00, 35-23-00, 35-22-00, and 35-25-00. It should include the cost of equipment owned and leased to others when the rents therefrom are included in the rent for equipment Accounts Nos 32-21-00, 32-22-00, 32-23-00, 32-25-00, 36-21-00, 36-22-00, and 36-25-00, inclusive. The composite rates used should be those prescribed or otherwise authorized by the Commission, except that where the use of component rates has been authorized, the composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.
- 2 All leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.
- 3 Show in columns (e), (f), and (g) data applicable to Lessor property, when the rent therefore is included in Account Nos 31-11-00, 31-12-00, 31-13-00, 31-21-00, 31-22-00, and 31-23-00, inclusive.
- 4 If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) effected.
- 5 Disclosures in the respective sections of this schedule may be omitted if either total road leased from other or total equipment leased from others represents less than 5% of total road owned or total equipment owned, respectively.

Line No	Account (a)	OWNED AND USED			Annual composite rate (percent) (d)	LEASED FROM OTHERS			Line No
		Depreciation base		Annual composite rate (percent) (g)					
		1/1 At beginning of year (b)	12/1 At close of year (c)			1/1 At beginning of year (e)	12/1 At close of year (f)		
	ROADWAY								
1	(3) Grading	465,384	3,650,647	1 05%				1	
2	(4) Other, right-of-way expenditures	4,900	8,626	1 05%				2	
3	(5) Tunnels and subways	41,408	215,761	0 83%				3	
4	(6) Bridges, trestles, and culverts	774,196	2,235,123	1 03%				4	
5	(7) Elevated structures**	38,166	40,605	6 71%				5	
6	(8) Ties	1,968,363	3,552,815	4 48%				6	
7	(9) Rail and other track material	2,711,930	5,445,016	2 32%				7	
8	(11) Ballast	815,638	1,914,092	2 50%				8	
9	(13) Fences, snow sheds, and signs	6,155	7,792	1 05%				9	
10	(16) Station and office buildings	384,847	562,760	2 85%				10	
11	(17) Roadway buildings	47,768	59,090	2 56%				11	
12	(18) Water stations	0	196	2 33%				12	
13	(19) Fuel stations	19,405	61,085	3 20%				13	
14	(20) Shops and enginehouses	196,361	294,805	2 00%	NOT APPLICABLE - 5 % RULE			14	
15	(22) Storage warehouses	4,143	4,143	2 49%				15	
16	(23) Wharves and docks	0	471	2 86%				16	
17	(24) Coal and ore wharves	155,279	190,506	2 55%				17	
18	(25) TOFC/COFC terminals	295,563	439,938	3 07%				18	
19	(26) Communications systems	369,945	453,732	3 84%				19	
20	(27) Signals and interlocker	599,174	1,158,677	1 78%				20	
21	(29) Power plants	2,678	4,592	3 13%				21	
22	(31) Power-transmissions systems	23,336	32,454	2 50%				22	
23	(35) Miscellaneous structures	12,051	16,393	2 78%				23	
24	(37) Roadway machines	282,524	329,992	5 64%				24	
25	(39) Public improvements-Construction	273,522	387,210	2 63%				25	
26	(44) Shop machinery	79,568	133,593	3 40%				26	
27	(45) Power-plant machinery	14,755	17,652	2 33%				27	
28	All other road accounts	0	0	0 00%				28	
29	Amortization (Adjustments)	0	0	0 00%				29	
30	TOTAL ROAD	9,587,059	21,217,766	2 50%				30	
	EQUIPMENT								
31	(52) Locomotives	2,517,020	3,361,757	3 58%				31	
32	(53) Freight-train cars	2,488,697	3,060,526	3 18%				32	
33	(54) Passenger-train cars	0	0	0 00%				33	
34	(55) Highway revenue equipment	131,534	149,637	6 84%				34	
35	(56) Floating equipment	0	0	5 00%				35	
36	(57) Work equipment	126,773	163,816	2 27%				36	
37	(58) Miscellaneous equipment	162,210	198,798	8 52%				37	
38	(59) Computer systems and word processing equipment	277,540	308,832	16 67%				38	
39	TOTAL EQUIPMENT	5,703,774	7,243,366	4 16%				39	
40	GRAND TOTAL	15,290,833	28,461,132	2 92%				40	

** During 2004, NS discontinued depreciation accruals on \$38,166,131 of investment in ICC 7 account because the facility at Kopperston, WV was fully depreciated.

755. RAILROAD OPERATING STATISTICS

Line No.	Cross Check	Item description (a)	Freight train (b)	Pass train (c)	Line No.
		6 GROSS TON MILES (Thousands) (K)	XXXXXXXXX	XXXXXXX	
98		6-01 ROAD LOCOMOTIVES	31,979,527		98
		6-02 FREIGHT TRAINS, CRS., CNTS. & CABOOSE	XXXXXXXXX	XXXXXXX	
99		6-020 UNIT TRAINS	89,650,326	XXXXXXX	99
100		6-021 WAY TRAINS	28,632,754	XXXXXXX	100
101		6-022 THROUGH TRAINS	256,641,551	XXXXXXX	101
102		6-03 PASSENGER-TRAINS, CRS & CNTS			102
103		6-04 NON-REVENUE	1,015,996	XXXXXXX	103
104		6-05 TOTAL (lines 98-103)	407,920,154		104
		7 TONS OF FREIGHT (Thousands)	XXXXXXXXX	XXXXXXX	
105		7-01 REVENUE	430,739	XXXXXXX	105
106		7-02 NON-REVENUE	1,417	XXXXXXX	106
107		7-03 TOTAL (lines 105, 106)	432,156	XXXXXXX	107
		8. TON-MILES OF FREIGHT (Thousands) (L)	XXXXXXXXX	XXXXXXX	
108		8-01 REVENUE-ROAD SERVICE	198,305,860	XXXXXXX	108
109		8-02 REVENUE-LAKE TRANSFER SERVICE		XXXXXXX	109
110		8-03 TOTAL (lines 108, 109)	198,305,860	XXXXXXX	110
111		8-04 NON-REVENUE-ROAD SERVICE	326,347	XXXXXXX	111
112		8-05 NON-REVENUE-LAKE TRANSFER SERV		XXXXXXX	112
113		8-06 TOTAL (lines 111, 112)	326,347	XXXXXXX	113
114		8-07 TOTAL-REV AND NON-REV (lines 110, 113)	198,632,207	XXXXXXX	114
		9 TRAIN HOURS (M)	XXXXXXXXX	XXXXXXX	
115		9-01 ROAD SERVICE	4,017,129	XXXXXXX	115
116		9-02 TRAIN SWITCHING	903,761	XXXXXXX	116
117		10 TOTAL YARD SWITCHING HOURS (N)	2,154,976	XXXXXXX	117
		11. TRAIN-MILES WORK TRAINS (O)	XXXXXXXXX	XXXXXXX	
118		11-01 LOCOMOTIVES	798,068	XXXXXXX	118
119		11-02 MOTORCARS		XXXXXXX	119
		12 NUMBER OF LOADED FREIGHT CARS (P)	XXXXXXXXX	XXXXXXX	
120		12-01 UNIT TRAINS	2,424,322	XXXXXXX	120
121		12-02 WAY TRAINS	5,644,728	XXXXXXX	121
122		12-03 THROUGH TRAINS	7,094,852	XXXXXXX	122
123		13 TOFC/COFC-NO OF REV TRLS & CONT LOADED & UNLOADED (Q)	4,749,031	XXXXXXX	123
124		14 MULTI-LEVEL CARS-NO OF MTR VEH. LOADED AND UNLOADED (Q)	1,016,166	XXXXXXX	124
125		15. TOFC/COFC-NO OF REV TRLS PICKED UP AND DELIVERED (R)	247,825	XXXXXXX	125
		16 REVENUE TONS-MARINE TERMINAL (S)	XXXXXXXXX	XXXXXXX	
126		16-01 MARINE TERMINALS - COAL	24,379,000	XXXXXXX	126
127		16-02 MARINE TERMINALS - ORE		XXXXXXX	127
128		16-03 MARINE TERMINALS - OTHER		XXXXXXX	128
129		16-04 TOTAL (lines 126-128)	24,379,000	XXXXXXX	129
		17 NUMBER OF FOREIGN PER DIEM CARS ON LINE (T)	XXXXXXXXX	XXXXXXX	
130		17-01 SERVICEABLE	40,107	XXXXXXX	130
131		17-02 UNSERVICEABLE	845	XXXXXXX	131
132		17-03 SURPLUS		XXXXXXX	132
133		17-04 TOTAL (lines 130-132)	40,952	XXXXXXX	133
134		TOFC/COFC - Average No. of Units Loaded Per Car	3 97	XXXXXXX	134

**250 - CONSOLIDATED INFORMATION
FOR REVENUE ADEQUACY DETERMINATION**
(Dollars in Thousands)

Line No.	Item (a)	Beginning of year (b)	End of year (c)
	Adjusted Net Railway Operating Income for Reporting Entity		
1	Combined/Consolidated Net Railway Operating Income for Reporting Entity <i>see Note</i>		1,273,097
2	Add: Interest Income from Working Capital Allowance- Cash Portion		1,203
3	Income Taxes Associated with Non-Rail Income and Deductions	N/A	--
4	Gain or (loss) from transfer/reclassification to non-rail status (net of income taxes)		22,645
5	Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4)		1,296,945
	Adjusted Investment in Railroad Property for Reporting Entity		
6	Combined Investment in Railroad Property Used in Transportation Service <i>see Note</i>	14,130,882	19,771,402
7	Less: Interest During Construction	3,077	2,580
8	Other Elements of Investment (if debit balance)	--	--
9	Add: Net Rail Assets of Rail-Related Affiliates	--	--
10	Working Capital Allowance	164,941	179,663
11	Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10)	14,292,746	19,948,485
12	Less: Accumulated Deferred Income Tax Credits <i>see Note</i>	4,249,259	7,708,952
13	Net Investment Base (Line 11-12)	10,043,487	12,239,533

Note

On August 27, 2004, NS, CSX and Conrail completed the STB-approved reorganization of Conrail, which established direct ownership and control by NSR and CSXT of two former Conrail subsidiaries, Pennsylvania Lines LLC (PRR) and New York Central Lines LLC (NYC), respectively. Prior to the reorganization, NSR operated the routes and assets of PRR and CSXT operated the routes and assets of NYC, each in accordance with operating and lease agreements. Pursuant to the reorganization, the operating and lease agreements were terminated and PRR and NYC were merged into NSR and CSXT, respectively.

The reorganization resulted in a net reduction to NSR's Net Railway Operating Income reflecting the depreciation expense on the PRR routes and assets and the absence of the rentals paid to PRR. Further, the reorganization resulted in an increase in NSR's Net Investment Base, reflecting the addition of PRR properties at fair value, net of related deferred taxes. Had the reorganization been completed by the beginning of 2004, NSR's Adjusted Net Railway Operating Income would have been \$1,181 million and NSR's beginning-of-year Net Investment Base would have been \$12,252 million.

ATTACHMENT TO 2004 FORM R-1 SCHEDULE 250
"CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION"
Norfolk Southern Combined Railroad Subsidiaries
Year 2004

In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business for each company.

Name of Affiliate	Nature of Business
<p>See Page 4 of R-1 (Schedule C), "Principles of Combined Reporting "</p> <p>(see attached)</p>	

Name of Affiliate	Nature of Business
<p><u>Companies added to the railroad entity in 2004:</u></p> <p>NSRC/Master Trust</p> <p><u>Companies subtracted from the railroad entity in 2004:</u></p> <p>Rail Technologies, Inc</p>	<p>Added 1/1/04</p> <p>Merged in July 2004</p>

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

SCHEDULE 250 – PART B Year 2004 Determination of Nonrail Taxes

This table is designed to facilitate the calculation of taxes that are not rail-related, the amount to be reported on Schedule 250, Line 3.

PART I – DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED/CONSOLIDATED RAILROADS (EXCLUDES ALL RAIL-RELATED AFFILIATES)

(1) Determine Combined/Consolidated Adjusted income from continuing operations (before taxes) for all affiliated railroads (all classes). Do <u>not</u> include rail-related affiliates that are not railroads in this part. This represents the total combined/consolidated amounts for all items listed below for all railroads in the reporting entity.	<u>\$000's</u>
Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46 adjusted to include all railroads in the reporting entity.	\$ 1,147,620
- Equity in undistributed earnings, which represents the total Schedule 210, Line 26 for all railroads in the reporting entity.	103
- Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend. ...	7,553
= Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below.	<u>\$ 1,139,964</u>
(2) Determine Combined/Consolidated Adjusted Pretax NROI for all railroads in the reporting entity	
Combined/Consolidated Pretax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1.	\$ 1,273,097
+ Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51 for all railroads in the reporting entity. (This figure includes <u>both</u> Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes.	390,170
+ Interest income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the net investment base and should equal the amount shown in Schedule 250, Line 2 for all railroads in the reporting entity.	1,203
+ Release of premiums on funded debt, which represents the consolidated total of release of premiums on funded debt as shown on Schedule 210, Line 22 for all railroads in the reporting entity.	--
- Total fixed charges, which represents the consolidated total of fixed charges as shown on schedule 210, Line 42 for all railroads in the reporting entity.	152,913
- Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1)	--
= Combined/Consolidated Pretax Adjusted NROI for all railroads. This represents "B" in Item (3) below.	<u>\$ 1,511,557</u>

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES**SCHEDULE 250 – PART B**

Year 2004

Determination of Nonrail Taxes

Page 2

- (3) Calculate the railroad-related tax ratio: "B/A"..... 100.00%
- (4) Compute the nonrailroad-related complement: (1 – Railroad-related income ratio) which equals the nonrailroad-related tax ratio. --
- (5) Compute the nonrailroad portion of the total provisions for both taxes. This equals:
- The nonrailroad-related tax ratio (Item (4) above) times the total current income taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Lines 47, 48 and 49 for all railroads in the reporting entity. \$ --

PART II – DETERMINE NONRAILROAD-RELATED TAXES FOR ALL RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)

- (6) This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pretax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies. \$ --

PART III – DETERMINE TOTAL NONRAILROAD-RELATED TAXES

- (7) This is determined as follows:
- Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item 5 above). \$ --
- + Total nonrailroad-related taxes for rail-related affiliates (Item 6 above). --
- Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3). \$ --

C. VOTING POWERS AND ELECTIONS - Continued

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent.

NSR - 16,668,997 votes, T-Cubed - 2,000 votes and TCS Leasing, Inc. - 500 votes.

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Chesapeake Western Railway
Interstate Railroad Company
Norfolk and Portsmouth Belt Line Railroad Company
State University Railroad Company
Tennessee, Alabama & Georgia Railway Company
Tennessee Railway Company

Lessors and Other

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Alabama Great Southern LLC
Atlantic Acquisition Corporation
Central of Georgia LLC
Citico Realty Company
High Point, Randleman, Asheboro and
Southern Railroad Company
Lamberts Point Barge Company, Inc.
Mobile and Birmingham Railroad Company
Norfolk Southern International, Inc.
Norfolk Southern-Mexico, LLC
NorfolkSouthernMexicana, S de RL de CV
North Carolina Midland Railroad Company, The
NSRC/Master Trust
NS Transportation Brokerage Corporation
Rail Investment Company
Shenandoah-Virginia Corporation
South Western Rail Road Company, The
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Southern Rail Terminals of North Carolina, Inc.
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Southern Region Materials Supply, Inc.
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T-Cubed of South Carolina, Inc.
T-Cubed of Virginia, Inc.
TCS Leasing, Inc.
Thoroughbred Direct Intermodal Services, Inc.
Thoroughbred Technology and Telecommunications, Inc.
Transworks Company
Transworks Inc.
Transworks of Indiana, Inc
Triple Crown Services Company
Virginia and Southwestern Railway Company
Wheelersburg Terminal LLC
Yadkin Railroad Company